How's Business? (page 33)

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MAY 1946



An Investment in Knowledge Pays the Best Interest (page 35)

Banks and the Plane Future



Verdict of 2500 banks:

RIGHT now, banks in every section of the country are holding our warehouse receipts as security for inventory loans totaling millions of dollars.

Because much of this safe, profitable business can be traced to our cooperation in developing inventory loans—the careful procedures of our operating men in safeguarding inventory, and our initiative in making field warehousing available for loans of $10,000 or more—2500 banks have sought our warehouse receipts and consider us "the bankers' field warehouse company."

DOUGLAS-GUARDIAN

WAREHOUSE CORPORATION

Nation-Wide *FIELD WAREHOUSING*



NEW ORLEANS 1, La., 118 North Front St.
NEW YORK 4, N.Y., 50 Broad St.
CHICAGO 3, Ill., 100 West Monroe St.
ATLANTA 3, Ga., Hurt Bldg.
CLEVELAND 14, Ohio, Union Commerce Bldg.
DALLAS 1, Texas, Tower Petroleum Bldg
EASTON, Md., 438 South Street
LOS ANGELES 14, Calif., Garfield Bldg
MEMPHIS 3, Tenn., Porter Bldg.
PHILADELPHIA 2, Pa., Girard Trust Bldg.
PORTLAND 5, Ore., 927 S.W. Alder St.
ROCHESTER 4, N.Y., Commerce Bldg.
SAN FRANCISCO 4, Calif., 300 Montgomery St.
SPRINGFIELD 3, Mass., 172 Chestnut St.
SPRINGFIELD, Mo., Holland Bldg
TAMPA 2, Fla., 416 Tampa St.
EL PASO, Tex., 901 N. Ochoa St.
HARTFORD, Conn., 36 Forest St.

Just a Minute



Thrift in the schoolroom

Cover Kids

THE young Yankees in our front window are charter depositors in the school savings bank which the five "mutuals" of Worcester, Massachusetts, recently started in that city, as we duly reported in the March issue.

The children are third graders, bringing on opening day their pennies, nickels and dimes (and perhaps a quarter or so) to the upper classmen who are the tellers in this pupil-operated bank.

There are more pictures of the same occasion on page 35. They tell, much better than could a typewriter, the story of this experiment in thrift education. The title of the photo-article is "An Investment in Knowledge Pays the Best Interest," an adaptation of a Ben Franklinism written on the schoolroom blackboard.

"How's Business?"

WHAT better way to find out than to ask the business men?

So up and down the Main Streets of 30 American cities went canvassers for BANKING in cooperation with the Market Research Division of R. L. Polk & Company, equipped with pads and pencils and a list of questions designed to produce a well-rounded answer to our main query: "How's Business?"

The questioners talked with druggists, haberdashers, appliance dealers, automobile agencies, department and

(CONTINUED ON PAGE 3)

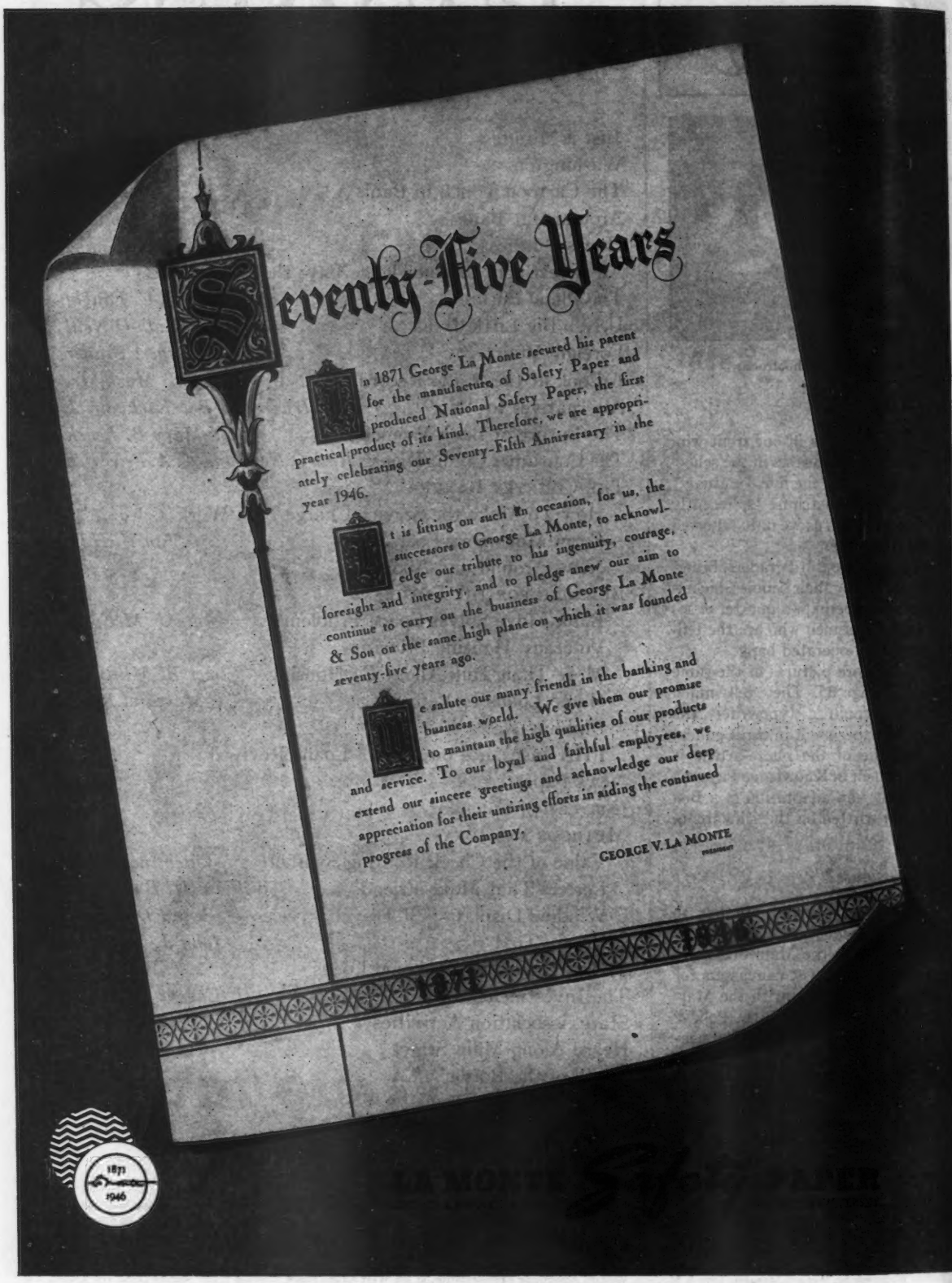
BANKING
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Seventy-Five Years
In 1871 George La Monte secured his patent for the manufacture of Safety Paper and produced National Safety Paper, the first practical product of its kind. Therefore, we are appropriately celebrating our Seventy-Fifth Anniversary in the year 1946.
It is fitting on such an occasion, for us, the successors to George La Monte, to acknowledge our tribute to his ingenuity, courage, foresight and integrity, and to pledge anew our aim to continue to carry on the business of George La Monte & Son on the same high plane on which it was founded seventy-five years ago.
We salute our many friends in the banking and business world. We give them our promise to maintain the high qualities of our products and service. To our loyal and faithful employees, we extend our sincere greetings and acknowledge our deep appreciation for their untiring efforts in aiding the continued progress of the Company.
GEORGE V. LA MONTE
President
1871
1946

specialty stores, and numerous other representatives of American free enterprise, including banks. When the replies were assembled and tabulated BANKING moulded them into its leading article, which is a new method of presenting its oldest monthly feature, "The Condition of Business."

The Radio Record

DOES your bank use radio advertising? Is it interested in using radio advertising? Would it be interested?

JOHN B. MACK's article, "A Look at the Radio Record" (page 42) presents the results of a survey made by the A.B.A. Advertising Department, which he heads, on the general subject of banks and radio. Some 2,000 institutions answered his questions; by projecting their replies he estimates that about 4,000 banks in the United States are currently interested in broadcasting as a medium for spreading their messages.

Mr. MACK found that "spots" are the most favored type of program with banks, that popular music drowns out classical, that newscasts stand highest among broadcast materials, and that the banks were almost evenly divided as to whether radio should be used for direct selling of bank services or for educating the public.

World Bank in the Bronx

YOU ride about an hour in New York's East Side subway, and when you get off the train you walk a little way—and there you are, right at the United Nations' temporary home in the Bronx (soon to move to Long Island).

Of course you're not "in" yet. The United States Marines (in full dress uniform), the representatives of the New York City Police Department (also spic and span), and the un-uniformed but equally inquisitive private gendarmerie firmly but politely request your identification.

Then you're waved through the gate and directed to your destination which, we might mention, is the bank that serves delegates and secretariat of the nations on the Security Council.

When you reach the bank's quarters in one of Hunter College's attractive buildings you—but wait a minute. RUTH O'NEILL of BANKING's staff will tell the rest. She visited the UN branch of the Chemical Bank and Trust Company and reports in this issue her impressions of it.

A photographer for BANKING was there, too—and you can go also, just by turning to page 39.

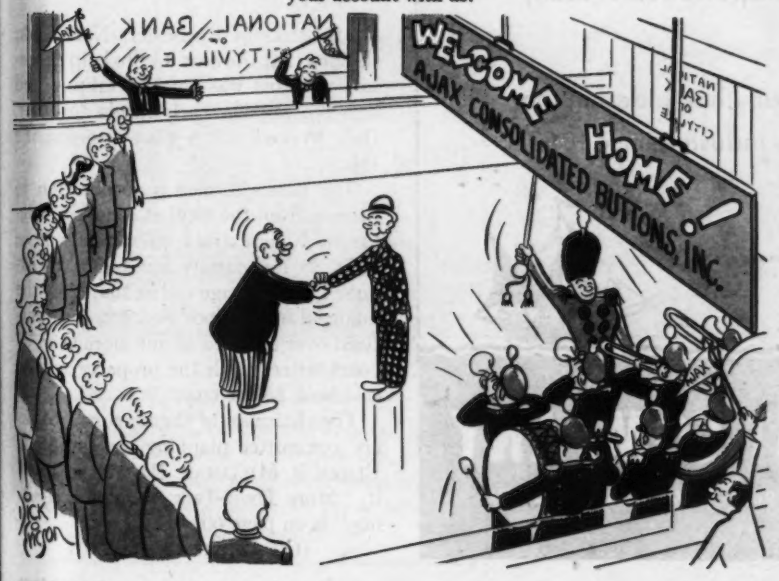
The Distaff Side—With Orchid

WELL, how did the women make out?

The question refers to their success as bankers during the war when their services as replacements were so widely needed and used. BANKING passed the query along to the people who could best answer it—the personnel officers. Their replies provide the article on page 46.

The experts' opinion was about evenly divided. Some thought women hadn't done a particularly good job; virtually an equal number said emphatically that the girls had been quite O.K. The con-

"I can't tell you how pleased we are, Mr. Ajax, that you decided to reopen your account with us!"



Dealers in

UNITED STATES GOVERNMENT SECURITIES

Inquiries Invited From Banks Institutional and other Investors

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Based on a Policy of Cooperation —Not Competition

Under the direction of officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

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WATER TRANSPORTATION

Located at the eastern end of Lake Erie Buffalo gives its industries the advantage of low-cost all-water transportation of many bulk materials.

The Marine Trust Company has aided in the development of Buffalo industry since 1850.

Member of Federal Deposit Insurance Corporation



MARINE TRUST COMPANY
Buffalo's Oldest and Largest Commercial Bank



"Sir, that professor of banking and economics is overdrawn again!"

census was that "career women," as distinguished from stop-gap workers, should be heartily commended.

Some of the replies pointed out, fairly enough, that the women bankers were working under abnormal, difficult conditions, handicapped by worries over their menfolks' safety and by family cares. There were numerous thoughtful comments as to what the future holds for women in banking.

Summing it all up, MARY B. LEACH, of BANKING's staff, finds:

"Opportunities for recognition and advancement of bank career women have been considerably enhanced as a result of their wartime record. This is true despite the fact that a sizable group of the women working in banks during the emergency as a stop-gap did not fully measure up to expectations."

Action

THE banks in Rochester, New York, decided that the best way to help houseless veterans was to stop talking and act. So, putting their heads together, they worked out a plan. Briefly, it's this:

The banks formed a corporation to acquire from the city, at a nominal figure, a 10-acre tract on which will be built 38 four-family low-rental dwellings. The mortgage will be shared by the financial institutions and will be amortized over a period of not more than 27 years, after which the property will be sold back to the city.

The chairman of the four-man bankers' committee planning the project is ELMER B. MILLIMAN. His article about it, "More Than Talk About GI Housing," is on page 60.

(CONTINUED ON PAGE 6)

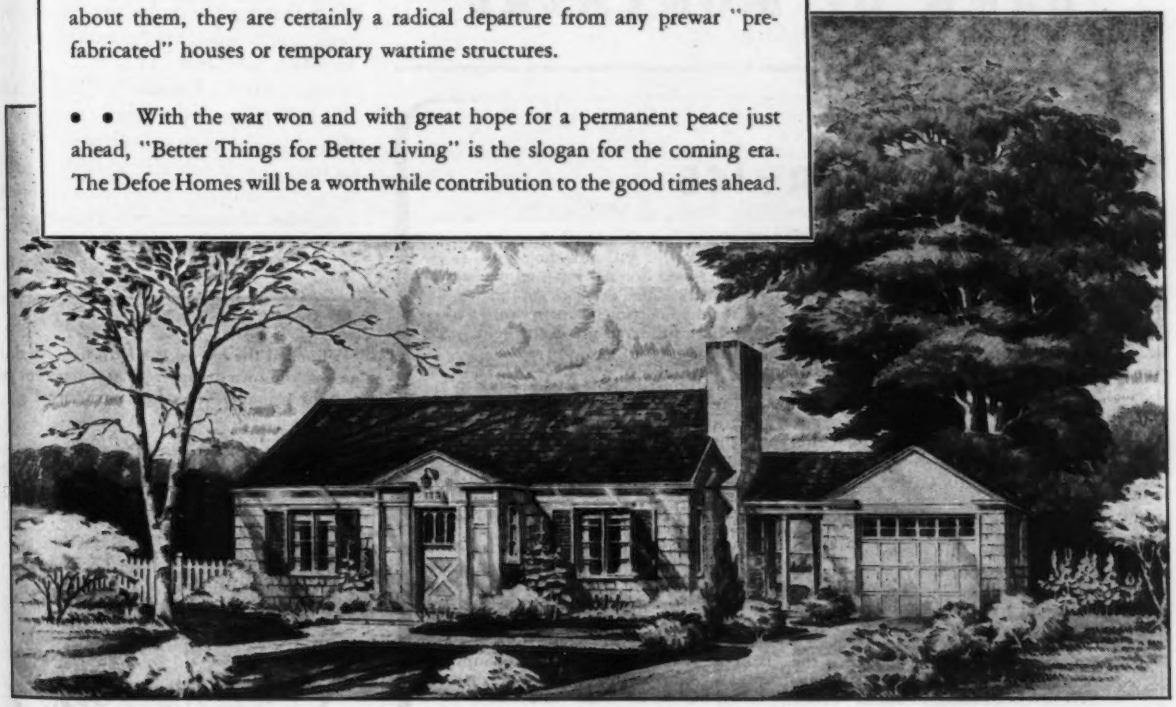
DEFOE HOMES CAN ANSWER YOUR HOUSING PROBLEM

THE Housing Division of the Defoe Shipbuilding Company was developed with a two-fold purpose—to maintain, as closely as possible, the wartime employment level upon which the people of the industrial area in which the plant is located had come to depend and to offer the public a new solution to America's housing problem.

• • With this in mind, Defoe designers and engineers were called upon to create a new line of homes which would bring to their owners the comforts of functional design, the ease of maintenance made possible by modern compact construction—plus the economies of mass production methods. In addition, they must be built to outlast houses of standard construction!

• • The Defoe organization has delivered. The skill and experience acquired by more than forty years of fine workmanship and adherence to the age-old traditions of the shipbuilder's art have brought into being an entirely new concept of gracious living. The Defoe Homes reach new highs in comfort and convenience. While there is nothing fantastic or extreme about them, they are certainly a radical departure from any prewar "prefabricated" houses or temporary wartime structures.

• • With the war won and with great hope for a permanent peace just ahead, "Better Things for Better Living" is the slogan for the coming era. The Defoe Homes will be a worthwhile contribution to the good times ahead.



This attractive Cape Cod home can be erected by the Defoe system. Variations in floor plan and exterior treatment can be made to satisfy individual requirements. This, like all Defoe Homes, can be purchased with or without the breezeway and garage.

Defoe HOMES

HOUSING DIVISION
DEFOE SHIPBUILDING COMPANY Dept. B-5
BAY CITY, MICHIGAN

Please send me the descriptive brochure on the new Defoe Homes. Enclosed is 10c for handling and mailing costs.

*Name*_____

*Street*_____

*City and State*_____

CANADIAN-AMERICAN *Commerce*



Good neighbors in business as well as in social relations, Canadians and Americans for more than a century have carried on ever-increasing trade across a free and peaceful border.

The Bank of Montreal has been a consistently growing factor in that inter-nation trade. Beginning in 1817 with one office and a staff of seven, the Bank has grown steadily and has kept pace with Canada's needs and with Canadian-American commerce.

Today the Bank offers to Americans dealing with Canadians a nation-wide, modern banking service with a network of branches covering the Dominion.

Our assets are more than $1,500,000,000, and we safeguard over a million deposit accounts of customers.

Our services include credit and market information, deposit and loaning facilities, commercial credits, collections and payments, assistance on the intricacies of foreign exchange due to war-time controls, and special wire connections to speed transactions.

Inquire at one of our American Offices or at the Head Office, Montreal.

NEW YORK: 64 Wall Street CHICAGO: 27 South LaSalle St.
SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL
Branches throughout Canada and Newfoundland

BANK OF MONTREAL
ESTABLISHED 1817

SERVICE

It has been a long time since we dared write an advertisement about service. Of course, in a relative sense we had good reason to brag a little throughout the wartime period, but we felt that to speak relatively about service would, in effect, dilute its meaning. But now we really are on the ball and our service is the good old pre-war standard.

Our workmanship is getting better too. During the war it slipped a little but it is bouncing right back. Some materials still are not so good but they also appear to be improving and before long should be back to normal. Our machinery naturally has taken a beating and some of it is operating on "borrowed time", but the new stuff is beginning to trickle in and it certainly looks wonderful.

Another thing that peps us up is the new crop of clean-cut youngsters who have just been added to our sales staff. They are earnest and wholesome and we think you will like them just as much as we do. All but one of our veteran salesmen are back on the job, so for the first time in many years we will have full coverage in the field.

So what more could we ask for? A good product to sell; a good gang to sell it; a top-notch group to produce it; tested methods and specialized machines to speed up the flow in five plants; and a far-flung market that needs and can use what we have to offer. We're out after business and we can deliver the goods.

Whether you are interested in large or small quantities of lithographed checks or whether you want to institute a planned merchandising program for the sale of imprinted checks to your customers, we would like you to consider us as your source of supply. We know how to make only one thing, but we do mean "know how".

De Luxe CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

The Positive Approach

OUR IRWIN-KIRKPATRICK cartoon story this month is "Alternatives to 'No.'"

"You will meet," says the script, "many ex-servicemen with confused ideas regarding their rights under the GI act. They will come to you for money. You may not be able to make a loan every time, but you can perform a great service for the veteran and your bank by helping him to see the picture clearly. Explain carefully and clearly why you can't make the loan, and suggest some alternatives."

The rest of the story comprises some suggestions. Remember, reminds Author IRWIN, "it's not what you say but how you say it!"

Plane Facts

MAYBE you're not buying a plane for yourself, but maybe somebody in your town has his eye on one and will be coming into the bank to talk about financing it. And maybe, also, you're interested in the general subject of the small, "personal" plane and could use some perspective on its present status, both as a means of transportation and as an infant industry.

MILLARD C. FAUGHT'S "The Plane Future" (page 36) is based on information obtained from one airplane manufacturer, but it contains abundant facts about the entire industry. Also, it offers a number of useful "do's and don't's"

(CONTINUED ON PAGE 11)

"I clinched the bet on the 10th hole, so that means you owe me interest at 4 per cent on the principal since half past three!"





Copyright 1946, L C SMITH & CORONA TYPEWRITERS INC SYRACUSE 1 N Y

...which typewriter?



THE BOSS and the customer see only the finished letter, note its legibility and neatness. But the secretary appraises her typewriter by the amount of work she must turn out, and the time and effort required.

On the strength of performance alone, thousands of secretaries are eagerly awaiting new Smith-Coronas. They're on the way, as fast as we can make them . . . as fast as we can get them into your hands.



Smith-Corona

Makers also of
Smith-Corona Portables

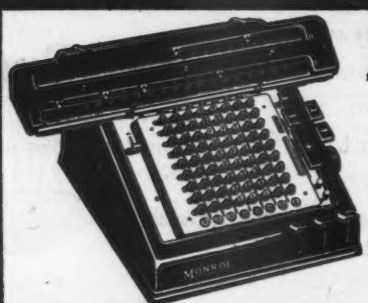


MONROE'S Exclusive "Proof-Pay

This ONE Monroe Bank Bookkeeping Machine does the three major bank accounting jobs . . . COMMERCIAL POSTING, INTERIOR PROOF, SAVINGS POSTING . . . it is revolutionizing bank accounting.



Monroe Bank Bookkeeping Machine 210-285-212

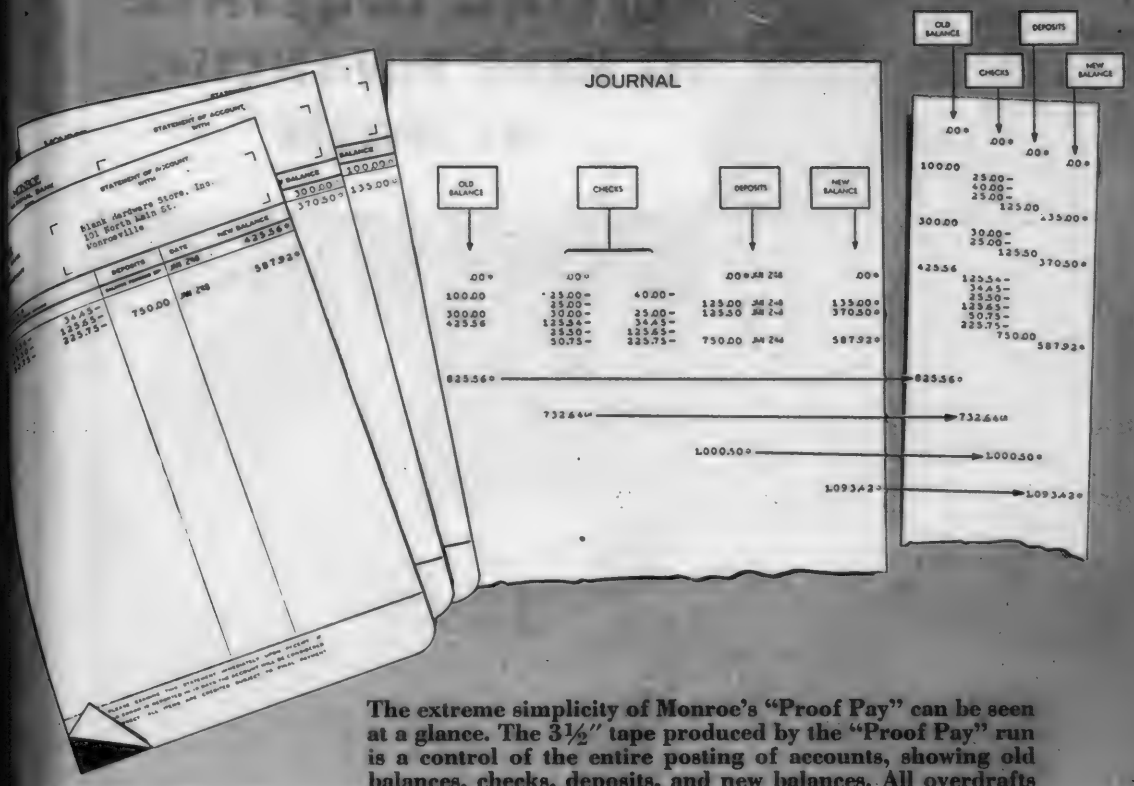


Monroe Calculating Machines have been standard equipment in banks for a generation. The same excellence of construction and dependability that have won universal acceptance are built into Monroe Listing and Monroe Bookkeeping machines.

Monroe Adding-Listing Machine. Available with narrow or wide carriage, single register or grand total. Direct plus and minus bars, "Velvet Touch" action, live operating keys.



es Dual Proof with Single Posting



The extreme simplicity of Monroe's "Proof Pay" can be seen at a glance. The 3½" tape produced by the "Proof Pay" run is a control of the entire posting of accounts, showing old balances, checks, deposits, and new balances. All overdrafts are instantly detected, and immediate adjustments can be made mechanically in all control registers. The totals on the journal produced by the posting run must agree with the totals on the "Proof Pay" tape.

In this Monroe Bank Bookkeeping Machine you have a machine of completely modern design, built especially to meet the new and modern needs of bank accounting. Because of its modern design it has made possible a unique and revolutionary system that is simple, fast, fool-proof. Its simplicity and "Velvet Touch" ease of operation is instantly recognized and appreciated by every operator.

Call the nearest Monroe Branch; a representative will explain Monroe features and advantages. Ask for fully illustrated booklet, "Three Machines in One". Monroe Calculating Machine Company, Inc., Orange, New Jersey.

MONROE

CALCULATING • LISTING • BOOKKEEPING MACHINES



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ILLUSTRATED FOLDERS • RADIO COMMERCIALS

Designed to help banks get a bigger share of Consumer Credit, Fireman's Fund, backing up its 11,000 Hometown Agents, whose interests are identical with local bankers, has created the Hometown Credit-Savings Plan. A brochure containing proofs of the 10 advertisements, a sample folder and full details is available through any Agent of a company of the Fireman's Fund Group or from any Fireman's Fund office.

HOMETOWN CREDIT-SAVINGS PLAN

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HOME FIRE & MARINE INSURANCE COMPANY
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SAN FRANCISCO · NEW YORK · CHICAGO · BOSTON · ATLANTA

for bankers who may be financing planes.

In short, Mr. FAUGHT looks into the light plane industry from the banker-business man point of view.

It's a Tomorrow story—Today!

Bread and Butter

IN OUR Methods and Ideas columns this month is the usual wide variety of articles dealing with day-by-day bank operations. For instance—

A discussion of the check routing symbol; hints on how to write letters which, as Author WILLIAM H. BUTTERFIELD puts it, "supply the human touch"; the control of personal loan loss; the promotion of bank travel services; and vital statistics of savings accounts.

Along the same line, although published in The Country Banker section, is an article on how to apply the service charge plan drafted by a subcommittee of the A.B.A. Country Bank Operations Commission. The plan was announced and described in the April issue of BANKING.

Building

ANOTHER instalment of our survey of banks' programs for rebuilding or remodeling their own premises appears this month. As we noted in April, the number of banks that expect to make themselves new homes or alter present ones is large, and their prospective expenditure on these projects is, in the aggregate, substantial. (The page number is 57.)

Also in our building section appears a commentary on the restrictions on construction and repairs. The effect of these regulations on building generally is of particular interest to banks. (Page 63.)

"What do you mean, safe? He was in them when I tagged him!"





"The California Trend" is a fact-based forecast that will help you plan your business if your plans include California. Write Dept. AD, 300 Montgomery St., San Francisco 20, or 660 South Spring St., Los Angeles 54, for a free copy.

To Californians in 307 important communities, Bank of America stands for *complete banking* service. These men, women and children have learned that this unique statewide organization brings to their community all the advantages of large-scale banking. It does this without sacrificing any of the important community understanding available only to a local organization operated by local citizens.

Bank of America, a member of the Federal Reserve System and the Federal Deposit Insurance Corporation, has main offices in the two reserve cities of California—San Francisco and Los Angeles.

◀ RESOURCES OVER 5½ BILLION DOLLARS ▶

Bank of America
NATIONAL TRUST & SAVINGS ASSOCIATION

LONDON, ENGLAND, BRANCH: 12 NICHOLAS LANE, LONDON, E. C. 4

BLUE AND GOLD BANK OF AMERICA TRAVELERS CHEQUES ARE AVAILABLE THROUGH AUTHORIZED BANKS AND AGENCIES EVERYWHERE

H&W
EST. 1888

FINANCING
CALLS FOR
EXPERIENCE

Ever since 1888, Hornblower & Weeks has been active in financing and distributing sound capital issues. A long and diversified list of such underwritings—aircraft, automobile, heavy steel, machine tool, packaging, railroad, textiles, utility, electrical equipment, retail stores, household appliances, petroleum equipment—stands as testimony to its experience and capacity.

In several important ways our Underwriting Department can help you. The most important are:

a. *Develop plans for financing or re-financing.*
b. *Assist in preparation of registration statements.*
c. *Arrange for private or public sale of securities.*

To perform these functions, the facilities of a trained, smoothly working investment house are a necessity. If you represent an established business and require financing, a Hornblower & Weeks' Partner can help you, and will be glad to discuss your situation in confidence and with out obligation.

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By the Way

If the present housing shortage continues until 1948, the presidential candidate who says he was born in a log cabin will be accused of affluence.

Success is a matter either of getting around you better men than yourself, or getting around better men than yourself.

Advice to young men: If you manufacture something the people need, you will make a living. If you manufacture something they don't need, you will make a fortune.

We are concerned not only about where our taxes are going, but whence they are coming.

The problem of the middle class is trying to save while spending as much as the rich do.

The ant may be industrious but he doesn't get on the front page as often as the butterfly.

If all nations were convinced at heart of the need for a world organization, there would be little need of it.

A man is getting older when he is going to feel just as well as he ever did in a day or two.

After all, some of us have to work. We can't all be efficiency experts.

If the world is waiting to hear the still small voice, it will either have to provide an amplifier or quiet down.

The next time you hear a nation called Shylock remember that a smart lawyer talked Shylock out of the principal and interest of the loan.

Traffic now is breaking records. It has reached a point where a pedestrian needs a gas mask, bumpers and a pair of good, strong fenders.

Maybe the reason so many people don't vote is that they vote the way they think.

We suggest to the archeologists who carry on excavations in Northern Africa looking for a lost civilization that they might work more successfully in Europe.

Perhaps the U.N. should refer some of its problems to Mr. Gallup.

INDUSTRIAL FACTS ABOUT TENNESSEE

Decentralization

In every section of Tennessee are communities that lend themselves ideally to decentralized locations for small industries—clean, progressive, civic-minded communities—the kind of communities where people really live.

These communities are usually self-sufficient with adequate schools and cultural institutions. Most of them have good rail connections and all are on good highways for truck and bus transportation and are within easy distance of one of the four metropolitan cities of the state.

Within a small radius of these communities is an adequate supply of labor—intelligent, cooperative workers—that take pride in their work and are not afraid to give a full day's work for a full day's pay. They are citizens of, and have an interest in the industrial development of the communities where they work.

In these Tennessee communities workers have room to live, room to work, room to play, and they take advantage of all three. Farm or home chores keep them occupied after working hours and there are fish in the streams and quail in the fields. They are a happy and contented lot and do not have the cramped, futile feeling possessed by so many workers in congested areas.

In these smaller communities plants have room for efficient production layout, for future expansion, and for ample storage, parking and loading facilities. Your plant would probably be the most important industry in the community. Your payroll would be the major part of the community income insuring full civic cooperation and support.

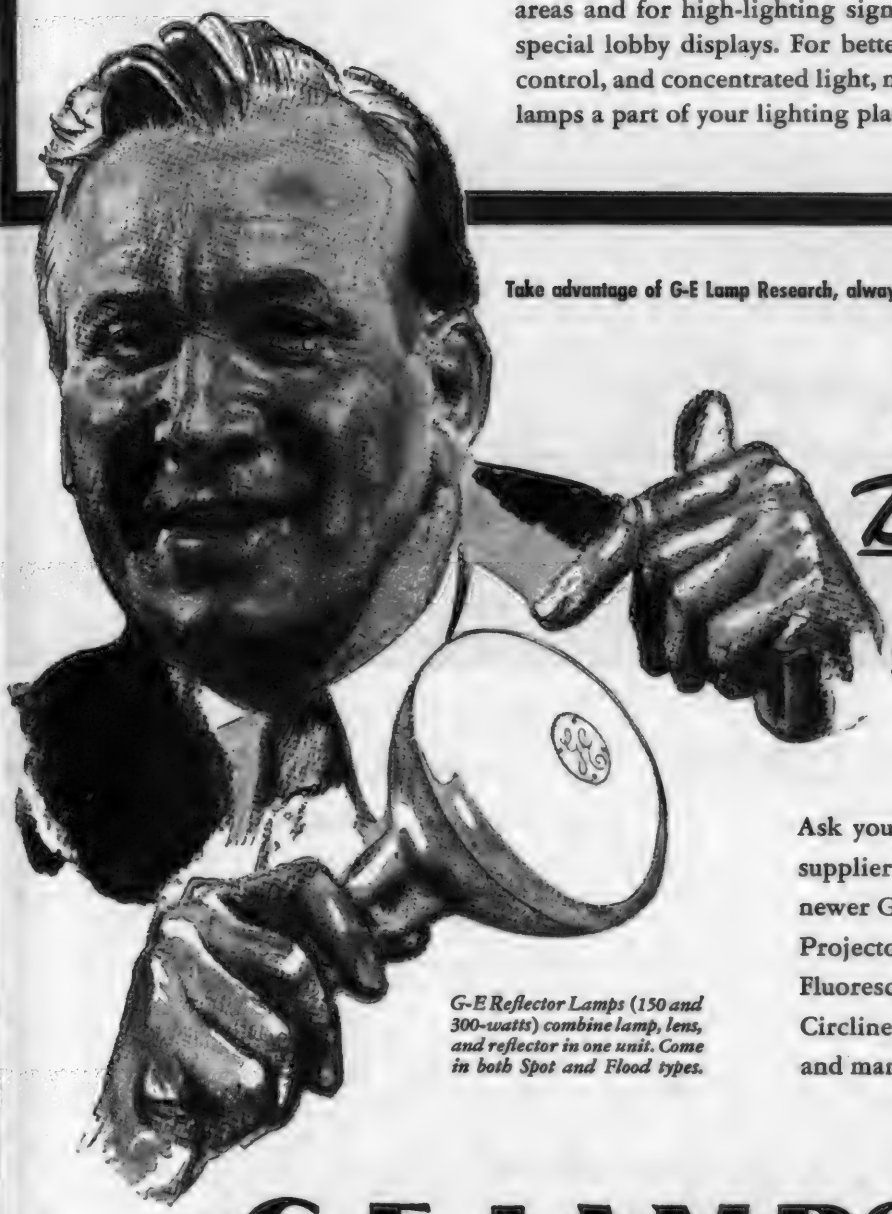
Additional factors that tend toward profitable industrial operations in Tennessee communities, both large and small, are treated in a big, 210-page general survey: "Industrial Resources of Tennessee", that will be mailed free to company executives and industrial engineers. Dictate a request today—on your business stationery please.

DEPARTMENT OF CONSERVATION
Information Division
914 State Office Building, Nashville 3, Tennessee

TENNESSEE
First Public Power State

Say! I like this new G-E Reflector Lamp!

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G-E Reflector Lamps (150 and 300-watts) combine lamp, lens, and reflector in one unit. Come in both Spot and Flood types.

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San Francisco

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Because prescheduling with Kardex Visible Record Control provides the utmost efficiency as to posting, proving and other operations, this was the system adopted when the American Trust Company decided to standardize the method of installment loan accounting in its 64 offices. Filing of the cards according to coded account numbers in Kardex results in maximum reference speed. A glance at the visible margins, a flip of the finger and payments are "posted" by date-stamping.

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FULL DETAILS of the advantages resulting from this method are reported by Mr. McEwing in Systems Narrator No. 607. Ask our nearest Branch Office for a copy, or write us.

SYSTEMS DIVISION

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But take these safeguards *together*—(only in the Todd program of check protection will you find them all) and they form a barricade that stops check crime—pro or amateur, internal or external. Stops it *cold.*

A review of your own disbursement procedure by one of our specialists may reveal ways of eliminating risks, cutting costs and simplifying routine. It will be made on request; no obligation.

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Please give us facts about how to eliminate check-disbursement risks, cut costs, and simplify routines. We understand this entails no obligation on our part.

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WASHINGTON



U. V. WILCOX

Is the Washington picture confusing? Does it seem to be a surrealist canvas coming to life? Like the product of the modernist school of art, does the Washington picture make sense only in minor details?

Well, Washington is like that. It can be a nightmare, a maze, a merry-go-round, a pinball game, a shoot-the-shoots, a penny arcade, a postgraduate course in economics, sociology, and the humanities. And much more.

The Washington picture *is* confusing—as a whole. In segments it makes more sense, possessing even form and color, harmony and proportion. After all, it is just the sort of picture likely to be found in a large city where politics is a major industry, and pressure blocs and propaganda devices are the accepted rule. Its atmosphere could hardly be duplicated in New York, Boston, Chicago or San Francisco where there are offsetting commercial interests, and money is earned in such down-to-earth activities as commerce, trade, manufacture and the lending of money.

Eyes on November

This year, as Summer approaches and the lazy waters of the Potomac become muddy from quick rains, Washington turns its most confusing side outward—for this year is an election year. Representatives and Senators struggle with appropriation bills, measures for the extension of government controls, new economic devices for making everyone's life easier, while at the same time wondering how Mr. & Mrs. John Q. Public and their son and daughter, discharged from the services, will vote on election day in November.

Senator Ashurst of Arizona used to tell a story when he was a member of the greatest deliberative body in the world. In his courtly manner he opined that there was a single simple formula for success as a law-maker in Congress. Speaking as a Senator, but with a nod to Representatives to adapt his rule, he said that for five years a Senator must be a statesman. During those five years the assignment would be viewed with broad vision and understanding. During those five years he would consider the welfare of the nation as a whole, and vote accordingly.

However, as Senator Ashurst was wont to observe, the term in the Senate was six years. So, after being a statesman for five years, during the sixth year it would be highly advisable to be a politician, and a good one, so as to get elected to be a statesman for five more years!

Politics and Ideologies

This is the fifth year for one-third of the Senate. It is the second year for Representatives, who must divide their time equally between statesmanship and politics. The first year they can miss reading their mail and let their secretaries answer complaints. But in the second year they become sensitive to the gripes from their home districts, and they listen carefully to party bosses having an ear to the ground.

This is the second year, and this is the sixth year; and this is the test year for President Truman, too. He is to be judged on the choice of legislative courses he has promoted and the degree of control he has exercised over the party he is supposed to head.

Considering the Washington picture with the philosophical understanding of a Senator Ashurst, this year in Washington finds its politics well mixed with differing ideologies. The old days of friendly combat between two great political parties, separated only by such comparatively simple differences as tariff and free trade, more gold versus more silver for money, have vanished.

Commodore James K. Vardaman, Jr., *left*, is sworn in as a member of the Federal Reserve Board by Supreme Court Justice Reed. Governor Eccles and Justice Douglas witnessed the ceremony



HARRIS & EWING



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Intra-Party Dissensions Now there are no such clear distinctions between the two major parties. But both are torn apart. They are divided as a result of ideologies strange to America. There are concerted pressures upon party leaders to accept new economic concepts. So enticingly are these programs presented that they arouse hopes and create sympathies among voters who are unaware of the falacies underlying many of the programs.

Senators and Representatives who are aware of socialistic and communistic trends in government are finding it difficult to define which part of a so-called liberal program will aid the people and which part will weaken the foundations of a republic that is essentially capitalistic in origin, and the operation of its institutions.

The crazy-quilt Washington picture often makes such definition difficult. However, there appears at this time to be a dividing line, somewhat symbolic, yet helpful in understanding such a political phenomenon as the coalition. It is helpful in appreciating the intense feelings and sharp differences manifest in debate and in private conversation when various bills are under discussion.

Government Philosophies Those who are most strenuously promoting new programs for the Government to administer favor increasing the administrative machinery of government in order to give more services and favors to the taxpayers, at their expense, of course. The other school of government philosophy would eliminate new laws, cut down taxes, lessen the number of employees drawing

(CONTINUED ON PAGE 23)

W. Averill Harriman is the new Ambassador to Great Britain



PRESS ASSOCIATION



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● Quickened by the war, the demands upon government to perform more and more services for the protection and well-being of its citizens have multiplied almost unbelievably. The result has been a bewildering growth in the number, the variety, and in the dealings and fields of activity of federal bureaus, offices, and agencies.

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*Franklin Square National Installs News Ticker In Main Lobby as Added Service for Customers

FRANKLIN SQUARE, L. I., N. Y.—Another innovation has just been added to the many unusual services of the Franklin Square National Bank. Arthur T. Roth, executive vice-president, announces that a Dow-Jones news ticker has been installed in the bank's main lobby where it will flash world wide news, as it happens, every second of every business day.

"Our bank," says Mr. Roth, "is the first on Long Island to install a news ticker service and while it will be quite a novelty to our customers to be informed of the latest news events while they attend to their routine banking needs—our main objective in installing this news service is to be able to serve the needs of our customers and business people with every modern advantage available.

"Dow-Jones," Mr. Roth explained, "is the only quick news service designed to meet the specific needs of the business and financial community. More than 60 years' experience in this highly specialized field insures the timeliness, accuracy and authenticity of Dow-Jones flashes of world events, news of all security and commodity markets and intelligence from Washington. Dow-Jones maintains the largest business news bureau at the national Capital."

While the Dow-Jones organization devotes itself primarily to gathering and disseminating instantly world news of interest to American business—it is also served by the wires of the four other great world press associations—the Associated Press, United Press, International News Service and Reuters. Headline digests of all important events appearing on these wires are flashed on the Dow-Jones news ticker.

The news ticker will be located just inside the door in the main lobby where it will be easily accessible to everyone entering the bank.

The Franklin Square National Bank has earned a valuable reputation for bringing up-to-the-minute services to its customers and community and its progress of sound steady financial growth indicates that good service to the public pays dividends.

Many other Banks, Investment Firms, Industries and Merchants feel the same way. Here is a valuable thought for others to follow. Early service can be had almost anywhere in the United States.

DOW, JONES & CO., INC.
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*The Reprint is from THE AMERICAN BANKER of March 20, 1946.



HARRIS & EWING

Secretary-General Trygve Lie of the United Nations

salaries from the Treasury, and abrogate wartime controls.

The first school believes that the Federal Government should increase in power and authority, on the assumption that more people will be given more things they want. This is the bread-and-circuses school. The other adheres to the philosophy frequently repeated by the early American philosophers, and well phrased by Emerson: "The less government we have, the better—the fewer laws, and the less confided power."

The sharpest contests now going on are the result of this clash over the purpose of government. The differing philosophies are at war in the capital. Consider, for example:

Take These, for Example

Minimum wages: Shall the Federal Government declare the standard of income for labor? Traditionally this is supposed to be reflected in the prosperity of the business, and the efficiency of the individual worker. The House must soon determine the fate of a bill which would raise the minimum wage rate to 65 cents an hour. The Senate passed such a bill, but loaded it down with amendments known to be disliked at the White House.

Price Control: There is no disagreement over inflation. Very few want inflation. But many dislike the use of anti-inflation laws to force changes in the economic system, to the extent that the profit motive is almost eliminated.

Consumer Credit Controls: The Federal Reserve Board's Regulation W is under attack. It is charged that selfish interests want it lifted. It is also asserted that it benefits the well-to-do, at the expense of the individual having

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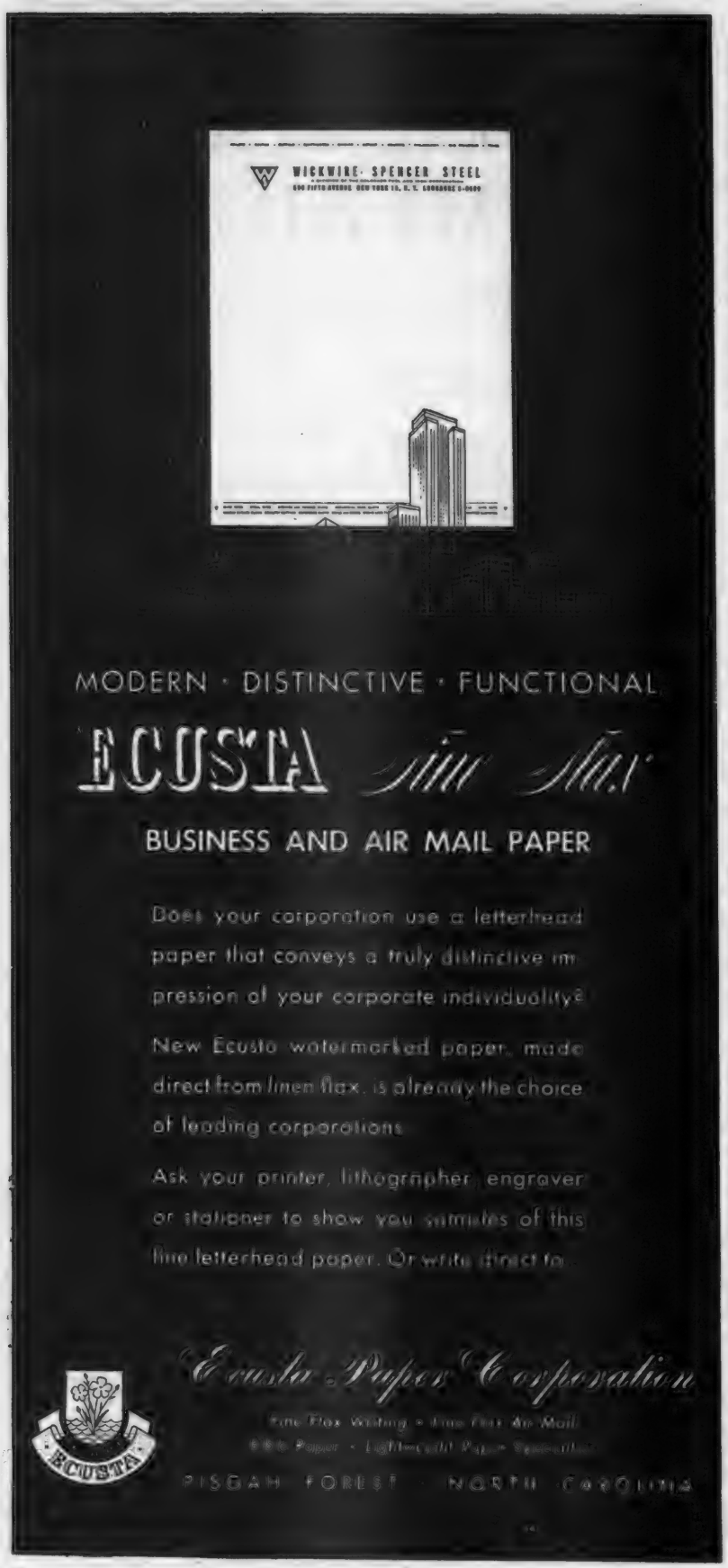
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only credit and no cash. It is disliked by those who believe that it no longer is an anti-inflation device, and now only slows trade, presenting another hazard to a bureaucratic dominated business.

Housing: Government entrance into this field marks a new departure in Federal controls. Subsidies to stimulate building, even as subsidies to hold down food costs and many other subsidies, have introduced a new form of government control to business and served to short-circuit the laws of supply and demand and successfully deceive the taxpayers. The latter assume that their purses are being protected by the Government, while they are in fact paying out more money to absorb price increases.

And Here Are a Few More

There are, however, other economic problems which are of interest to those who want more government machinery. As yet no easy way to dramatize them has been discovered. As a result there are no mass drives and distorted emphasis.

There is found in this category the matter of interest rates. It is assumed to be a popular political philosophy to keep interest rates low. This is supposed to mean lower government costs, hence a lower tax bill. This is the popular political device. However, nothing is being said about the effect of low interest rates on the saving of money, or its effect on selling more savings bonds to more people.

Taxes: High taxes are disliked, but with the operation of the present tax law, tax payments are made through the withholding of a percentage of the wages, and thus the worker ceases to be aware that a part of his income goes to the support of the Government. Under the drive of greater take-home pay, wages are raised to offset the taxes withheld. This all results in the Federal Government being supplied with huge funds, automatically.

Social security benefits and health benefits are held to be necessary government benefits for the new America. Now the percentage of this form of tax bill will have to be increased if there are to be mo e benefits promised to the unemployed and to the ill and aged. The Federal Government would do the job by taking out another small percentage of the workers' income. Doubtless the big unions will then demand more take-home pay.

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"Metropolitan Oakland Area's mean temperature is 56.6° F., nearer to the ideal for greater efficiency than any other large manufacturing center.

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"Freezing temperature is rare, and there is no snow, no sleet, no slush to contend with. Practically no time is lost because of inclement weather.

"Think of the saving in building costs, in heating costs, in air conditioning costs, in man hours. Think of the increase in production—up to 15 per cent in some cases."



Write for this NEW-West factbook

There are many other just as outstanding reasons for locating your western plant in Metropolitan Oakland Area. Our 48-page book, *"It's An Amazing NEW West,"* gives facts and figures about an astonishing growth in population; our higher-than-average-income markets; our huge pool of skilled and semi-skilled labor; world port advantages for export and import business; central location with fast, low-cost distribution over three trans-continental railroad systems; cheap and abundant power and fuel.

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The Cartoon Touch in Bank Ads

Leonard Sansone, creator of the famous "GI wolf" cartoons, has drawn a series about veterans and their housing problems for the Advertising Department of the American Bankers Association. The dozen cartoons illustrate newspaper advertisements for use by banks as a part of their program of explaining guaranteed loans to veterans. Here are four of the ads.



"COME, COME, MAN! IT'S ONLY NECESSARY TO SHOW YOUR DISCHARGE PAPERS TO APPLY FOR A G. I. LOAN!"

IT'S A SERIOUS MATTER to us every time a Veteran comes here for help. Whether it is money you need, or just plain sound advice, you are sure of a ready welcome and a helping hand. We make guaranteed loans to Veterans who want to buy or build a home.



"PSSS-S-ST! LOOKING FOR A PLACE TO LIVE?"

IF YOU ARE IN THE RANKS of the vast army of Veterans who plan to build a new home, buy one already built, or make improvements, repairs or alteration on a home now owned by you, the place to borrow the needed funds is at this bank. Come in.



"NO! NO! LOUIE!! IT'S ALL RIGHT, I TELL YOU! HE JUST GOT A G. I. LOAN!"

ARE YOU PLANNING A NEW HOME? Every Veteran who expects some day to build a home of his own, or buy one already built, is cordially invited to come in and discuss his plans with us. We make guaranteed loans to Veterans for these and other purposes.



"DARLING, HAS IT OCCURRED TO YOU TO APPLY AT THE BANK FOR A G. I. HOME LOAN?"

BUILDING YOUR OWN HOME? Or planning to buy one already built? Whatever your plans of home ownership, we are very much interested and want to be of all possible help to you. Veterans are always welcome here and will receive our prompt attention.



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IT'S hard to beat Milwaukee Road trains for all-around comfort and satisfaction. Consider a few of the advantages of the Speed-lined HIAWATHAS.

Complete facilities—The celebrated Tip Top Tap offers sandwiches or beverages. Appetizing dining car meals at low cost.

Room to move round—you get a deep-seated reclining chair plus a whole car—or train—to stroll through. Roomy lounges; well equipped washrooms.

Smooth comfort—modern train design and a well-ballasted roadbed assure a smooth, silent ride.

Scenic charm—wide windows give you an unobstructed close-up of the rivers, forests, fields and villages along the route.

Weatherproof reliability—storms hold no discomfort, fog doesn't delay. You get there on time.

Speed with economy—your trip starts and ends at downtown stations; you travel at high speeds, yet round trip coach fares are less than two cents a mile.

There'll be room for you on one of the HIAWATHAS. See your railroad ticket agent for friendly travel counsel.

F. N. HICKS, Passenger Traffic Manager, Chicago

THE MILWAUKEE ROAD

THE HIAWATHAS:

CHICAGO { Milwaukee—La Crosse—St. Paul—Minneapolis / Des Moines—Omaha—Sioux City—Sioux Falls



NOW that the war is over and our men in the service have returned to work, we in our bank look back with amusement on many incidents which during the hectic days of the war when our staff seemed to be in a constant state of flux—here today and gone tomorrow—irritated us so greatly.

Located near a large Army base, we employed temporarily many soldiers' wives who were totally inexperienced in bank work and whose unusual errors kept us continually in hot water. There was the mailing clerk who sent out about half of the monthly statements wrongside up in the window envelopes, all carefully stamped. There was her successor who, finding the postage meter machine running low, cleverly skimped so that some 200 letters came back next day marked "insufficient postage." And the girl who used a dollar's worth of air-mail stamps to send off a heavy checkbook—at first class postage rates.

Another we remember with mixed emotions is the one who, asked why she could never finish her work before 6 o'clock, innocently blurted out that she never felt very much like working till about 4. And the conscientious lady who always wanted to be "sure" she was handling the job right and who consulted four officers during the busiest time of the day as to whether she should use a big "x" or a little "x" in checking some cards to indicate into which class an account fell.

It was this employee whose thrifty soul would not permit her to throw away any carbon paper, however worn out, and who carefully packed the worthless used sheets back into the boxes and stacked them in the supply room until we suddenly awoke to the fact that there was not a single sheet of unused carbon paper on hand instead of the huge supply we thought we had.

Now, back to normal, we recall these minor irritations with indulgent smiles and think with gratitude of the way these girls, in spite of mistakes, helped us carry on with the heavy rush of work which was a result of our town's sudden increase in population; even as their men, trained here, helped to bring the great world conflict to a victorious end.

BELLE S. HAMILTON



"Remember when *we* had to pass out the cigars?"



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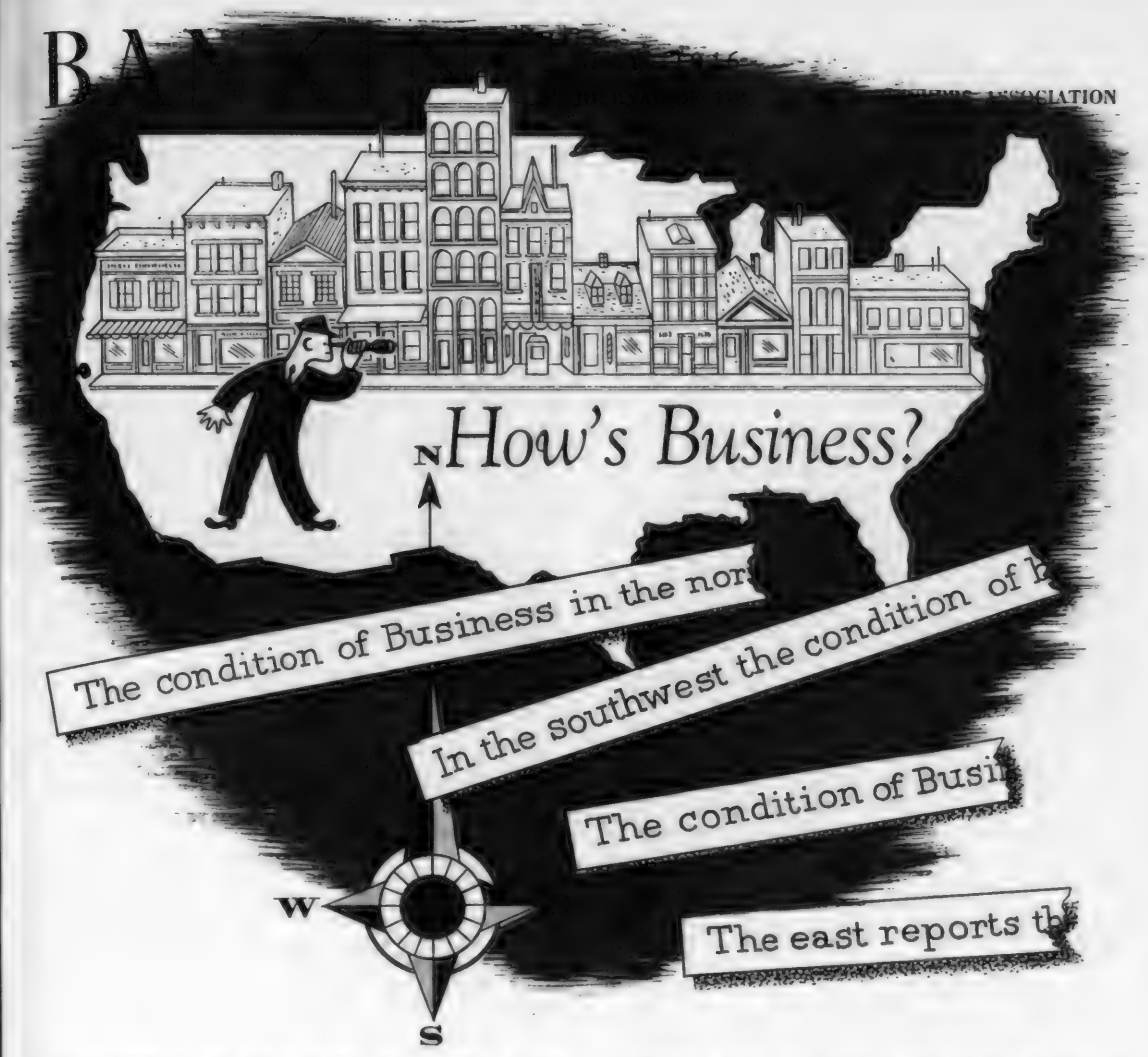
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Beech Aircraft

CORPORATION

WICHITA, KANSAS, U. S. A.

QUALIFIED DISTRIBUTORS ARE INVITED TO WRITE US REGARDING THE BEECHCRAFT SALES AGENCY



BUSINESS at its source along Main Street is completely optimistic about the outlook for rising volume.

This is indicated by a nationwide personal-interview survey conducted by BANKING in cooperation with the Market Research Division of R. L. Polk & Company. The survey covered over 600 business establishments, including the following categories: banking, automobile dealers, also dealers in electrical household appliances, agricultural machinery, feed, house furnishings, real estate, clothing, and building supplies, also department stores and general contractors.

As to just why this expected improvement is delayed, there are various opinions.

More and Better Goods

Merchants and dealers need more goods of better quality and established brands. Too large a part of the great total of goods and services today is merely a result of paying higher prices for lower quality. Both seller and customer are far from satisfied.

Business establishments in direct contact with the public are inclined to feel these days that they are caught between the rising costs of suppliers and the normal resistance of the public to any rise in prices.

Another factor that bears adversely on the expectation of profits is the increase in number of competing firms in most fields. The birth rate of new businesses is at its highest point and promises to continue high.

Price and other government controls draw the main fire of criticism in every category reached in the survey, except automobile dealers and general contractors. Over 40 per cent of all of those interviewed said that OPA regulations and government restrictions of various kinds were the chief obstacles to business improvement. Most emphatic in this view were individuals engaged in real estate and building supply businesses.

About 40 per cent of the automobile dealers regarded labor trouble in the industry as their chief obstacle to business improvement. Next in order, mentioning the same cause, were merchants of agricultural implements, hardware, household appliances and building supplies; general contractors, clothing and real estate.

Shortages of material and merchandise are cited by general contractors as their chief obstacle, with others in decreasing number mentioning the same factor in approximately this order: general contractors, automobile dealers, building and supply people, real estate agents, agricultural implements, household appliances, hardware and clothing dealers.

Opinion was almost unanimous that there was no lack of credit and that financing was not an obstacle to business improvement at this time.

The prevailing optimism in all categories revealed itself to a marked degree in the expectations of greater volume of business. In the real estate field about 41 per cent of those interviewed expected about a 10 per cent increase in the next six months. Almost half of them predicted 25 per cent increase and 7 per cent of them even anticipated a 50 per cent increase in the next half year.

Among the automobile dealers we find almost 10 per cent expecting a 10 per cent rise in the same period. Forty per cent of them say that the volume will increase 50 per cent and about 15 per cent foresee even 100 per cent rise in the next six months. We find some real optimists in this same group, with almost 8 per cent expecting a 200 per cent rise in volume.

Over half of the department stores and dealers in house furnishings said that the next six months would show a rise of 10 per cent. Something over one-quarter of this group anticipates a 20 per cent rise and the optimists who expect a 50 per cent improvement constitute about one-tenth of the group.

The interesting patterns indicated in these opinions are shown graphically and in more detail in the accompanying charts but one more group should be mentioned whose activities have wide and increasing importance, namely, dealers in the household appliances. About 23 per cent of them predict a 25 per cent increase in six months; 42 per cent say volume will improve by 50 per cent.

The survey also covers opinions as to the expected volume of business in one and two years. Regarding this long term prospect, the most optimistic of all businesses surveyed are easily the automobile dealers. Over half of them, for example, expect a 100 per cent increase in business in the next two years and 13 per cent go all the way and say that it will be up 200 per cent within one year.

Household appliance dealers are another very hopeful group for the long term, as are also in somewhat lesser degrees general contractors, building supply dealers and agricultural implement dealers.

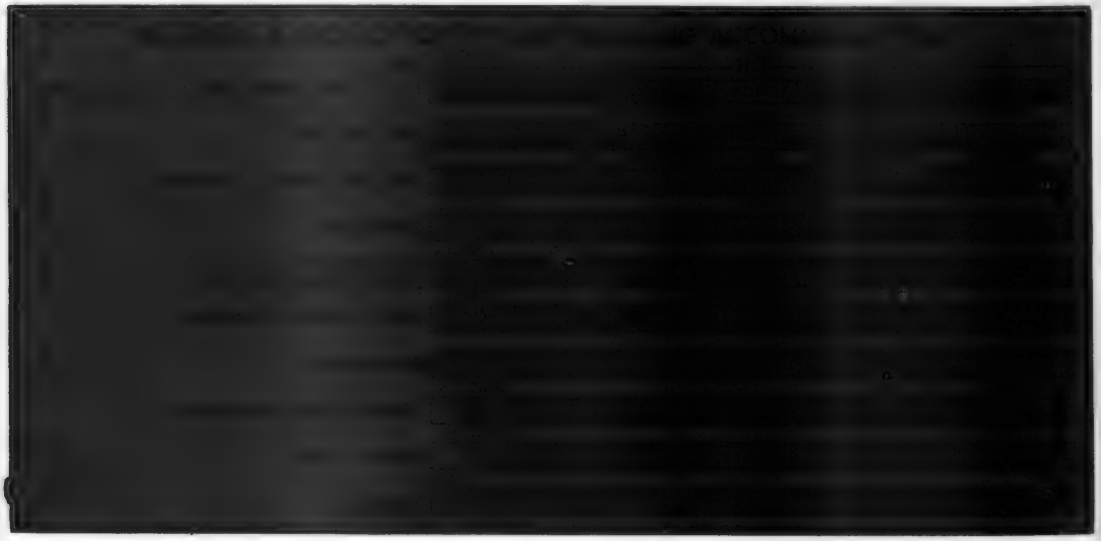


Banks were asked about their loan prospects and all but a very minor number rated the outlook as "very good," "good" or "fair." The banks seem to be most optimistic about increase in loans to general contractors. Next in order came loans to wholesalers and manufacturers, and even the prospect for loans to retailers seemed to draw forth a very favorable response.

Price and Other Controls

There are certain general conclusions that can be drawn from the feeling on the part of many businesses that government controls and regulations are a serious hurdle. Confusion certainly is one of the results of an economy that is half managed and half free, with no clear line of demarcation. The planned theory is perfect on paper but chaotic in practice.

(CONTINUED ON PAGE 136)





Grade 1 pupils at Tatnuck School present their signature cards with their first deposit to tellers at left at table



Supt. Power



Director Vaughan





Assistant Principal Mabel E. Wray gives last minute instructions to pupils who are to act as tellers on Bank Day

Grade 7 at Tatnuck School lined up before the tellers to make their first deposit

PHOTOS BY SAVAGE



MILLARD C. FAUGHT

THE PERSONAL AIRPLANE—"SPORTING GOODS" OR "CONSUMER GOODS?"

In their leisure hours, bankers and business men are just as willing as the next fellow to read adventure stories about private flying and the exciting prospects of convertible sky coupes in every public parking lot. But during business hours they like to deal in facts. Here is an attempt to get the facts on the present status of the light personal airplane and to put these facts in their proper perspective. MR. FAUGHT *has written frequently for* BANKING.

THE above picture, taken a few weeks after V-J Day, is a very important "news item" in the aircraft world. It shows the first application of assembly line technique to the manufacture of small aircraft. In a production man's mind, it contrasts with prewar visions of a dozen or more workmen swarming over, in, and around a plane being built in one spot, while still other workmen are trundling additional pieces from all parts of the plant.

To the same technical man's mind it means that small planes are now being built to standard specifications, so that the many mechanical blessings and dollar economies of mass production—standardized parts, sub-assembling, specialized tools and skills—can be brought to bear on turning out more and better planes quicker and cheaper.

All of which erases pictures of the prewar situation when practically every small airplane was a "custom-built" product; when the manufacturer didn't even start to build a plane until he had an order from his salesman telling him just the plane the customer wanted.

In short, the picture symbolizes the kind of "goings on" in the light plane industry which the author wanted to find out about after the editors of BANKING asked him to look into the light plane industry from the banker's and business man's point of view.

Starting from the outside limits of the field, I soon found the two usual schools of thought in any new industry—the "confirmed optimists" and the "realistic optimists" (there are never any pessimists in a new American industry). I also quickly learned that among the several manufacturers in the field, the Aeronca Aircraft Corporation, of Middletown, Ohio, is the most persistent in its attitude that the light personal plane will make fast enough progress under its own propeller not to need jet propulsion by unwarranted ballyhoo from its backers. Accordingly, I went out to the Aeronca plant for a look, a ride, and to ask as many practical questions as possible of the various officials in the company's administrative, production, engineering, sales and service departments. The rest of this article is largely a report of their answers as cross-referenced by data from the CAA, other manufacturers, airport officials, actual plane owners, insurance companies, business men, bankers, etc.

By way of perspective, Aeronca built the first so-called light personal plane in 1928. It was little more than a glider, with a frail fabric-covered fuselage and a 28-horsepower motor. Over the next 10 years, the company's history reads very much like the first decade of any of the early automobile companies. Few planes were built, each on a strictly handicraft basis. Most of the company's time and money were spent on developing a suitable engine.

Speaking of airplane engines, here are some facts that will pull you up short and also provide some important slants on the immediate future of the light plane. Standard 65 to 75 horsepower four-cylinder engines of the types used to power Aeroncas, Piper Cubs, and the several other light planes, *cost three and four times as much* as the eight-cylinder engines of 100 horsepower and more in current automobiles. The reason: mass production of the latter.

This is simply more evidence why the Aeronca people and the light plane industry can get excited over the installation of that first moving assembly line. It started last Fall at the rate of one plane a day; it is now up to 20. A second line will be installed soon for another model;

and negotiations are pending to obtain another factory building to start line-assembling a third model which will be a metal fuselage low-wing "spin-proof" plane with tricycle landing gear. By such means the company, which produces about one-fourth of the light planes in the country, hopes to make more than 9,000 this year.

This is no monumental figure when compared to automobile output, but, it looks like a great day a-comin' when viewed against Aeronca's prewar output. From 50 planes in 1932, production rose steadily to 1,000 in 1941.

"We hope the light plane industry will hit 25,000 units this year," said President John Friedlander as he dug the above figures from his well-thumbed production files. "That will give the people who build our motors much more latitude in their efforts to give us better engines cheaper. The faster they can get down nearer the goal of a horse-power for every two pounds of engine, the sooner and the cheaper we can start turning out four-passenger family-type airplanes. It won't be too long in any case."

At which point Aeronca's production manager, Robert Augspurger, broke into this discussion on the meaning-of-mass-production to say: "You don't know how pleased it makes me just to be able to say that this (the two-passenger Aeronca 'Chief') is the last model we'll have to hand-weld. We've got production up to where we can afford to stamp most of the many fuselage parts now laboriously hand-welded from a steel tubing."

I asked Mr. Friedlander to go out on a limb and predict what effect such things would have on prices.

"Without predicting," he replied, "I will at least hope, with an eye on the facts, that within two or three years we will be able to bring prices down from present levels ($2,295 for a Champion) to around $1,750 for a comparable ship. And when we really hit our stride, we'll do a lot better than that."

So saying, Mr. Friedlander showed me some figures indicating that automobile growth rates, after-pioneering stages, were around 50 per cent per year. Marketing patterns for early stages in the introduction of new products (household appliances, etc.) show similar patterns.

Other people in the light aircraft industry have been looking at comparable product growth trends, plus other foreseeable factors. Without attempting to pin the prediction on any individual, the composite outlook seems to be a production of 50,000 planes per year by 1950 and three times that rate by 1955.

Or, if you prefer more tangible analyses as a key to future potential sales of light personal planes, here are some interesting statistics:

Before the war there were some 350,000 in-board motor boats on the lakes, rivers, and coasts of the United States. In many ways, their ownership and recreation use are comparable to that of a small plane, except that they have far less versatile utility. Yet today there are less than 35,000 light planes in use. This includes some 4,500 surplus "grasshopper" planes recently sold by the armed forces.

In contrast to this situation on the supply side, the light plane makers are interested in some significant changes on the demand side. In 1940 there were some 63,000 pilots in the country plus 65,000 student pilots. By 1945, thanks to war interest in aviation plus the various civilian pilot training programs, there were over 160,000 civilian pilots and some 25,000 students; plus the enormous potential represented by the armed forces which, as of January 1, 1945, contained 206,000 pilots, 39,000 Army air cadets, and a ground force (all interested in aviation to some degree) of 2,673,000.

Then there is the greatly accelerated rate of civilian pilot training in which the GI Bill of Rights is playing an important but unexpected role. A high percentage of men coming out of the armed forces have no interest, or cannot make all the necessary adjustments and arrangements, to pursue regular academic schooling, yet they are entitled to as much as $500 worth of education. *It so happens that learning to fly qualifies as part of the "education" covered by the act*, and thousands of veterans are doing just that.

As a result, practically every light plane currently being built is going into service as a training plane. They are being bought by the small operators of flying schools, many of whom are themselves veterans using other GI loan provisions to get started in aviation enterprises.

Technical Progress

The day this article reached BANKING, the newswires carried two stories which seem to bear out the author's theme that technical progress rather than ballyhoo will determine the growth in general use of light planes. One story announced the marketing of a new two-way radio set weighing only 10 pounds, 10 ounces, which will provide the small plane with the safety of radio without the penalties of weight, bulkiness and complexity of standard aircraft sets.

The second news item announced production and shipment for general light plane use of a simplified controllable pitch propeller. It will have the effect of providing the pilot with a "gear shift" so that he can take off in low gear, obtaining full power from his engine and requiring a shorter run. Similarly, he can adjust his propeller to varying conditions of flying and landing.

The Fifth-Third Union Trust Company of Cincinnati found that this airplane exhibit in its lobby helped considerably in stimulating interest in airplane financing





Final assembly room at Aeronca factory. Completed planes are checked and then wheeled outside, where motors are given final test and planes turned over to pilots

In the short run, Aeronca is more concerned with perfecting its merchandising organization to get the planes which can be manufactured into the hands of users as quickly and equitably as possible. At present, the 3,000 airports throughout the country are served by 69 Aeronca distributors who, in turn, have 1,010 dealers. As the Federal Government, state, local and private groups make progress toward the current goals of 3,000 more local airports across the nation, the small plane manufacturers will add to their dealerships.

"However," observes Al Bennett, Aeronca's director of sales, "we have too many historical examples of early over-expansion in new industries to wish to rush out and sign up dealers before we can give them either merchandise to sell or the cooperative assistance they deserve."

Aeronca (whose methods are similar to other established light plane companies) sells its planes only to distributors at discount rates of 25 per cent off list price ($2,295 for the current two-passenger tandem Champion). Dealers in turn are allowed 15 per cent to 20 per cent discounts off list price depending on how much service the dealer is set up to provide. All planes are paid for before they leave the factory, and this "fly-away" price is literal since most planes are actually flown away, by distributors' pilots, right from the factory door.

Light planes are financed on much the same pattern as are automobiles, one third down is required as the purchaser's equity, with the balance payable over a 12-month period.

Albert Helmers, secretary and treasurer of Aeronca, reports that banks throughout the country are taking an active interest in financing light planes for both private owners and dealers, in contrast to a prevailing prewar attitude that all small aircraft enthusiasts were either adventurers or crackpots. As evidence of the current attitude, Mr. Helmers described an aircraft financing program recently worked out with the First National Bank of St. Louis which is available to any aircraft purchaser in the country. The program is one in which John W. Snyder was particularly interested before taking up his current Washington duties.

Mr. Helmers also reported keen bank interest in helping veterans and others establish small airports, flying schools and sales agencies for light planes; with bank funds readily available, to finance up to 65 per cent of dealers' floor inventories on 90-day notes at 3 to 4 per cent; or on a on-half of 1 per cent per month basis with dealer's equities transferable from plane to plane. For example, the Continental National Bank of Fort Worth maintains an open ended guaranteed credit with Aeronca covering planes purchased by Roy Taylor, a Texas distributor. The only limiting proviso is that Mr. Taylor not take delivery of more than 25 planes in any one day. (This is the current definition of millennium in the Aeronca plant!)

Mr. Helmers also highly recommended the A.B.A.'s booklet "Aircraft Financing," which not only gives bankers interested in the light plane field specific details, but also contains reproductions of the various forms needed. Mr. Helmers demonstrated his high regard for the pamphlet by showing the author his one surviving dog-eared copy, Aeronca dealers having taken all of his original 1,000 copies.

Based on his 17 years' experience in the field, Mr. Helmers offered some do's and don't's for bankers in financing planes:

(1) Be sure that the chain of title is complete from the factory to the present owner. This can be done by wiring the CAA in Washington where all title data is kept on every airplane in the country.

(2) See that the plane is properly and adequately insured and that there are "breach of warrant" clauses in all policies.

(3) Make certain the appraisals of all used ships are accurate. Mr. Helmers recommends that banks make standing arrangements with a reputable local airport operator who keeps abreast of all conditions affecting plane values, such as sale of government planes, new models, etc.

(4) Use common sense in judging customers as to their own flying experience or the arrangements they have made to secure flying instructions from a reliable operator; also what immediate use they propose to make of the plane and where.

(5) As a final suggestion, Mr. Helmers urged careful examination of deals with "flying clubs." Experience has shown that these small groups of enthusiasts who band together to buy a plane make either very good or very poor risks, depending on the type of persons in the club and the ratio of business judgment versus social enthusiasms in the group.

On the matter of insurance, which has proved a relatively costly deterrent to many potential plane owners in the past, Mr. Helmers had favorable news. He reported that, as a result of exploratory work conducted during the war with a group of mutual companies, insurance costs have been brought down 30 per cent to 35 per cent. As a result, purchasers can now cover their minimum insurance requirements at a cost of approximately $8.80 per $100 of valuation, or about $200 on a new plane. This is still a sizable cost consideration and it will remain for increased numbers of planes to spread the liability, plus added advancements in plane safety, to bring insurance rates down.

U. N.'s Big Little Bank

The United Nations' temporary headquarters at Hunter College, New York, is provided with banking facilities by a branch of one of the big "down town" institutions. BANKING *asked* RUTH O'NEILL *of its editorial staff to visit the branch and tell our readers about it. A photographer went, too. Here's their story.*

WHEN the United Nations opened its temporary home at Hunter College, New York City, banking facilities provided by the Chemical Bank & Trust Company were at the disposal of the delegates and secretariat.

The Chemical is the designated commercial bank for the U. N. in the United States, and at a special branch set up in Davis Hall on the college campus it conducts a limited banking business for the organization's official family.

The branch cashes payroll checks and checks for other disbursements on the organization's account, maintains personal accounts, and cashes travelers' checks and drafts under travelers' letters of credit. It also buys and sells foreign currency and sells travelers' checks and letters of credit.

Alfred E. Tree, manager, at his desk in the U. N. branch bank office. Mr. Tree is a permanent officer of the foreign department, Chemical Bank & Trust Company





BANKING PHOTOS

A section of the counter at the U.N. bank, and members of the staff at work

Similar banking functions were performed in London at the previous meetings of the United Nations by the Midland Bank, Ltd., which opened an office in Church House where the meetings were held, and for the League of Nations in Geneva by the Lloyds and National Provincial Foreign Bank, Ltd., which had a permanent office in the Swiss city.

The U. N.'s New York branch is staffed with personnel from Chemical's foreign department or persons with foreign experience, and is managed by Alfred E. Tree, a man of wide travel and experience in foreign banking who can manage a conversation in German and French as well as English.

Davis Hall, Hunter College, in which the bank serving the United Nations is located Its quarters are in lower right corner of the building



Mr. Tree was in Pearl Harbor on December 7, 1941, and in Germany at the time of the Nazi march up Unter den Linden and the burning of the Chancellery. From his personal contact with war and upheaval, he brings to his significant charge an awareness of the importance of the occasion. He conveys an impression of poise, equanimity and ability to deal with any of the numerous exigencies which are routine for the branch.

Other members of the staff also speak several languages, and the receptionist converses fluently in no less than seven.

In the general rush of turning Hunter College gymnasiums and classrooms into a world headquarters within a month's time, there was also a scurry to install banking equipment during the last few days before the opening scheduled for March 23. Despite the speedy installation, the bank cannot be distinguished from one which has been transacting financial affairs for a decade, an achievement partly due to the suitability of the building, whose designers might have intended it for just such a purpose.

By March 23 vital equipment such as counter and desks had not yet been installed at the bank, and officials decided to postpone the formal opening until Monday, March 25. But customers were not to be denied, and the branch did a land office business at its informal opening on Saturday, sans equipment.

At noon that day, just after the cash had been locked up and the staff was drawing its breath, a British U. N. official came in with some pound sterling travelers' checks, which are useless in the United States until converted into dollars. He had landed at LaGuardia Field, rushed over to Hunter College, and was already late for an appointment in Atlantic City. To climax his misfortunes, the young Englishman had no American money for his fare.



PRESS ASSOCIATION

American representative Edward R. Stettinius and Secretary of State Byrnes

The bank manager and his cooperative helpers cheerfully pooled their own small change and managed to finance the trip to Atlantic City. This final disbursement of the day sent the manager home with less than 50 cents in his pocket, and one of the clerks retained only subway fare to his home.

In serving the United Nations, the branch bank displays more than the normal American business attitude. This is not only a commercial venture to the staff; the bank personnel serves as an important cog in a big wheel.

Nearly everything at United Nations is so very new and untried, but banking is so very old and experienced.

Security Council of the United Nations in session at its temporary headquarters in New York City. Secretary of State Byrnes makes a motion

HARRIS & EWING



Foreign Affairs

HERBERT BRATTER

UNITED STATES GOVERNMENT foreign loans, advances and commitments since the war, including the prospective $1¼ billion expansion of the Export-Import Bank, now approximate $20 billion. This represents very sizable economic aid to the outside world, whether viewed in relation to the goods and services otherwise available to foreign countries or in relation to our own national income, currently $155 billion. The larger part of the $20 billion has been already lent or committed, while for the rest there is at this writing a long waiting list of foreign countries, including China, France, Russia and many others.

In view of the rapidity with which the postwar loans and advances have piled up and the almost measureless needs and plans of other countries for development and reconstruction, it is far from certain that the outflow of dollars through Washington has reached its maximum volume. In any case, it is hoped in the Government that private American capital will again take up the role of banker to the world. Thus the outflow of dollars would continue directly from Wall Street, instead of indirectly through a debt-burdened Treasury. There is visible neither on the horizon nor in the concrete plans of anyone in the capital the time when this country's imports of goods and services will exceed the volume of exports.

WHEREAS ordinary bankers are in the business of making loans which will yield a profit to the lender, government-as-banker steps in with loans, it is presumed, only where private and more cautious angels fear to tread. The excuse for government or government-guaranteed loans is that, while in the public interest, they are too risky to attract private capital. It is therefore natural to expect such loans to result in a certain amount of net loss. In the case of long-term loans, it may be many years before the soundness or unsoundness of a particular loan will become clear. Short-term advances of course involve much less risk, especially where long-term credits are also in the picture.

The principal basis of the $20 billion of U. S. Government postwar loans, commitments and advances has been political. The figure's main components are (in millions of dollars):

Export-Import Bank and RFC loans, commitments, authorizations, etc., including the anticipated expansion of the bank's authority by $1¼ billion	$5,000
Bretton Woods program	5,925
United Kingdom loan (not including lend-lease and surplus property settlements)	3,750
Lend-lease, etc., settlements	2,675
Surplus property abroad	1,500
Civilian supply operations abroad	1,050
China	500
Advances against government purchases abroad	59

(CONTINUED ON PAGE 129)

Export-Import Bank Participations

How the Export-Import Bank will distribute foreign obligations to non-official investors without risking the charge of favoritism may constitute a problem. The SEC holds that such distribution must be in the form of a public offering in accordance with SEC registration rules. The bank, on the other hand, has been attempting through the Federal Reserve System to work out a method of advising interested banks of the prospective availability of certain securities. To date the experiment has been confined to the $200 million Dutch credit, to New York, and to commercial banks of that city. This will be the first arrangement for the sale of Export-Import Bank foreign paper without recourse.

Questioned by BANKING on the Export-Import Bank's policy in this regard, William McChesney Martin, the bank's chairman, said:

"The statute under which the Export-Import Bank operates states: 'It is the policy of the Congress that the bank in the exercise of its functions should supplement and encourage but not compete with private capital.'

"The bank is very conscious of its obligation to explore on a fair basis the private capital market before it makes a commitment to any government or for any individual projects sponsored by any group. One of the main problems confronting the bank is the development of adequate machinery to explore the possibilities of private financing. The problem has been the subject of serious consideration and of discussion with banks and other commercial institutions.

"Accordingly, in connection with the current Dutch loan it was decided that the Federal Reserve System was the best medium for determining the extent of possible participation by those commercial banks interested in foreign finance. Accordingly, I attended a meeting arranged by the Federal Reserve Bank of New York of representatives of foreign departments of New York banks to discuss the proposed contract in general terms and to consider any changes which were found to be consistent with the objectives of the loan and to the best interest of the Export-Import Bank and other participants in the loan.

(CONTINUED ON PAGE 129)

A Look at the Radio Record

JOHN B. MACK, JR.

The Advertising Department of the American Bankers Association, directed by MR. MACK, *recently completed a survey of bank use of radio, both current and prospective. The results are reported and studied in this article, which will interest all advertising-minded banks.* MR. MACK *also announces that his department is soon to inaugurate a radio service for banks and he tells about his plans for it.*

TEN years ago a handful of banks were toying with radio, most of them in a half-hearted manner. A survey made by the A.B.A. at that time revealed that of the 145 banks on the air only 59 had a favorable opinion of the medium. Thirty banks were definitely unfavorable and the rest were "on the fence."

The half-hour program was quite popular with banks 10 years ago; 55 used it. Thirty-five had 15-minute programs and five were on the air ranging from 10 minutes to one minute. Only two banks used one-minute spots; contrast that with the situation today, described later.

Music plus talk or drama was the formula for most of these 1936 programs, with plain talks running second and news a very weak last with five users. Contrast this, too, with today's situation.

The general formula of program-frequency was once a week (70 banks) with 19 broadcasting daily, eight twice a week, seven three times weekly and the rest scattered from monthly to several times a day. Ninety banks used evening hours, 28 afternoons and nine mornings; others were scattered and irregular.

As for actual results obtained from radio, 40 of those giving opinions said "good," 40 said "fair" and 39 said "poor."

Ten Years Ago

A check was also made in 1936 among 195 banks not using radio. They were generally lukewarm or negative, favored music and drama, liked 15-minute programs best (64 banks), half-hours next (23 banks), while only six banks liked programs shorter than 15 minutes.

One question asked in the 1936 survey was "Would you like to have the A.B.A. prepare and supply transcribed radio programs?" Here's how banks voted at that time:

	Banks Not Using Radio	*Banks Using Radio*
Yes	78	46
No	82	52

This picture is really brighter than it appears because included in the 124 "Yeses" were 44 clearinghouses, 14 county associations, one state association and seven other banking organizations that included hundreds of banks in their membership.

This was certainly no rousing "mandate" from the banks. But there was an undercurrent of interest. And there was deep conviction on the part of men in the A.B.A. that some day radio would become a major medium of bank advertising. The time seemed ripe to pioneer in this as yet uncharted field of bank publicity. Accordingly, and with plenty of trepidation, the Advertising Department of the A.B.A. went to work and produced its first transcribed series, entitled "Money Matters."

These programs were 15-minute transcriptions open at both ends for local announcements. Music was semi-classical, by a string orchestra, and each show had a seven or eight-minute dramatization about some bank service, on an educational plane. The programs were technically good, produced with first-class actors and musicians. They achieved a moderate success and in retrospect it seems marvelous that they went as well as they did considering the apathy of banks toward radio. Thirteen clearinghouses with 153 bank members and 29 individual banks — a total of 182 banks — used the series.

It soon became apparent to us, however, that these first programs were based too much on what *bankers* liked and not enough on what the public wanted. The music was heavy, the dramas were long and somewhat dull in spots. The programs lacked lightness, entertainment and interest.

Another Experiment

In 1939 A.B.A. tried again. Building on our experience with the first series, we planned a new set of transcribed programs and arranged with NBC to produce them. Nat Shilkret was retained to supply the music and we used melodies in a popular vein, of the so-called "standard" variety. The dramatizations were reduced to four or five minutes and livened up considerably. The situations were built around the "White Family" — husband, wife, son and daughter, and their financial problems and experiences. Various bank services were featured in the 13 programs we prepared. Space was provided at beginning and end for local bank announcements.

Top acting talent was used, including Selena Royal, Gene Leonard, Carleton Young and Mitzi Gould. Announcing was handled by Richard Stark. Production and incidental expenses came to just about $1,000 per program.

More than 200 banks used this series; it wasn't bad, but still left much to be desired. The Advertising Department fell several thousand dollars short of recapturing its out-of-pocket expenses, but felt that it had gained much in the way of "know-how" and experience.

There was little change in the radio picture as far as banks were concerned by 1941, just before the war.

In 1943 John McCann of BANKING'S staff, as part of his work at The Graduate School of Banking, prepared a thesis entitled "Banking on the Air." It was the most comprehensive and intelligent analysis of bank radio advertising ever made and may some day be looked upon as the beginning of, or at least the turning

point in, the use of radio by banking institutions.

The McCann survey showed that there were 340 banks using radio — about 2 per cent of the banks in the country. It was still a negative showing and as Mr. McCann concluded: "It is evident that financial advertising has not made any appreciable mark in radio as a classification."

The survey showed a strong swing in bank thinking about radio. Almost half of the financial institutions surveyed used spots of 30 or 60 seconds, about 20 per cent used 15-minute programs, 10 per cent the five-minute unit; and there was little support for the half-hour idea, a big change from 1936.

A New Survey

We have just completed a nationwide survey to which about 2,200 A.B.A. member banks contributed detailed data about their advertising plans and their thinking. We asked this simple question: "Are you interested in radio advertising for your bank?"

Five hundred forty-six said "Yes," 1,513 said "No," and 71 said "Don't know."

That is great progress. *There are less than 3,000 banks in radio station cities.* Let's bear in mind that *all* banks can't very well go on the air with programs of their own. Radio is best suited to the banks in the city or town where the station is located, with of course some exceptions. (However with the coming of FM stations the number of non-network locals which banks might use will increase enormously.)

Projecting the above figures of bank interest to the more than 15,000 banks in the country, we would have about 4,000 banks interested in radio, a figure that holds much promise.

We asked the banks: "What length of program do you prefer?" The answers: *449 said spots; 148 said 15 minutes; 19 said half-hour; six said five minutes; and two said one hour.*

The half-hour show has dropped from top preference 10 years ago to almost the bottom today.

Here is how banks rate music: *119 popular; 64 classical; three "hill-billy;" and one church.*

And this is how they rate program contents: *77 news; 10 sports; eight plays; three weather; two commentators; and two farm topics.*

No Clear-cut Preferences

An interesting observation about musical and program preferences is that most banks have no clear-cut preferences — they say "We don't know." That's a typical reaction of banks in this whole field of radio and it's a logical attitude. Bankers like to base their decisions on facts, and there are as yet too few facts in this area of bank use of radio. Much is still to be learned.

To the question "Do you prefer the selling portion of the program done by straight announcement or dramatization?," *313 said "straight announcement" and 38 said dramatization.*

There is plenty of resentment among bankers toward the singing commercials and the overdone drippy dramatizations widely used in commercial radio advertising. This accounts in some degree for the poor showing of "dramatization" as a selling vehicle.

A big unresolved question in the minds of bankers is whether radio should be used for direct selling of bank services, for education about banks and banking, or a combination of both. *A thousand said "sell" and 1,059 said "educate."*

It would be difficult to imagine a more evenly split opinion, and in the answer to this question can be seen evidence that banks are confused or at least divided on the place radio should or could have in the banking picture.

Since the end of the war the A.B.A. Advertising Department has been making an extensive study into all phases of radio advertising as it relates to banks. One thing we have done was to ask the 900 radio stations in the country to give us their thinking on the question: "How should banks use radio?"

I want to express deepest appreciation to the 303 radio station managers who supplied voluminous data, ideas, suggestions and such a wealth of valuable thinking that if we go wrong with our forthcoming radio service it will not be for lack of sound advice.

Stations Welcome Help in Bank Field

The stations were nearly unanimous in welcoming help in the bank radio field. Two hundred eighty-eight were favorable to A.B.A. supplying programs, 15 were sour on banks or did not like transcriptions. But mainly there is great enthusiasm because, as one station put it, "We just don't feel on safe ground when we try to prepare our own bank programs." A radio man told us: "Banks need some agency that can reach them from *within* and explain to them the benefits and value they can get from radio." Another expressed this belief: "Often local banks have had to restrict their radio advertising due to lack of proper copy that only agencies or the American Bankers Association, thoroughly familiar with bank advertising needs, can prepare."

We asked the radio stations their opinion of an idea which, simply stated, would be production by the A.B.A. of five-minute dramatizations on bank services open at each end for local announcements. The dramatizations would be entertaining, and could be the core of 15-minute shows or used as five-minute programs.

(CONTINUED ON PAGE 116)

"Live" programs sponsored by banks are still few. Here is an example—a "Citizens' Forum," 1944 weekly show of the Citizens National Trust & Savings Bank, Los Angeles





Alternatives to "NO"

(1) You will meet many ex-servicemen with confused ideas regard ing their rights under the GI act. They will come to you for money. You may not be able to make a loan every time, but you *can* perform a great service for the veteran and your bank by helping him to see the picture clearly



(2) Explain carefully and diplomatically why you can't make the loan, and suggest some alternatives



(3) What are the alternatives? If he wants to start a business, and hasn't the qualifications or the financial resources, suggest that he give the matter thought —and give reasons



(4) He can apply for a loan any time up to 10 years after his discharge. The guaranty privilege is the same as collateral and should be preserved until he can accumulate experience and build his financial resources



(5) Analyze his business venture from the standpoint of location



(6) . . . need for such a business in the community?



(7) . . . will his income be sufficient to support a family and to repay the loan?



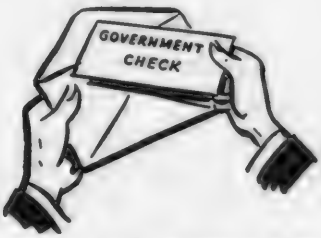
(8) One suggestion that particularly applies to young men: why not begin, or continue, a college education sponsored by the Government?



(9) Or, consider returning to the job he had prior to the war



(10) Or, take apprentice training with an authorized company, whereupon his income from the company will be supplemented . . .



(11) . . . by a subsistence allowance of up to $65 if unmarried, and $90 per month if married, paid by the Veterans Administration



(12) Each of these suggestions will give him time to get his feet on the ground, watch the trend of business, and prepare solid plans



(13) Where it is impossible to make a loan to a veteran who wants to buy a house, suggest that he purchase a less expensive house, more in keeping with his income



(14) Or, again, "take a little time" —and give reasons



(15) There are many other suggestions that you can devise according to the circumstances in your community. But consider this— —



(16) It's not what you say, it's the way you say it



(17) In these uncertain times the veteran wants the truth and he will appreciate it in the form of considerate, sound advice from someone in a position to know the facts



(18) You are in that position . . . upon you rests a grave responsibility



(19) By wading through the morass of misinformation and confusion and giving the veteran a clear and sympathetic analysis of his problem . . .



(20) . . . you will be faithfully serving him, your bank, and your community

The Future of Bank Women

MARY B. LEACH

OPPORTUNITIES for recognition and advancement of bank career women have been considerably enhanced as a result of their wartime record. This is true despite the fact that a sizable group of the women working in banks during the emergency as a stop-gap to marriage or to a resumption of home-making did not fully measure up to expectations. This is the majority view of personnel officers interviewed in a recent sampling of opinion by BANKING.

Tabulation of the personnel officers' opinion as to whether women took full advantage of their wartime opportunities, revealed three general viewpoints almost evenly divided: (1) those who were emphatic that women as a group did; (2) those who were equally as emphatic that they did not; and (3) those who felt that the career women did, but the short-term workers didn't.

Before going into an analysis of the returns, let's look at the background of the survey.

So much praise was heaped upon women during the war for their ability to take over hitherto untried jobs and carry on essential work that BANKING decided to interview a few personnel officers throughout the country to get their opinions in retrospect and also to get a preview of women's future in banking. We requested a group of representative bank women to do the interviewing for us by asking personnel managers in their communities a few pertinent questions. The reporters did a thoroughly competent job. Also, they demonstrated women's capacity for being objective in appraising their own performance.

SEVERAL of our reporters, although conceding that the returns did not show too favorably for women as a group, aptly pointed out that it would be unfair to appraise women's wartime service in banks without considering this record against a background of factors entering into the making of the record. One of the reporters—vice-president of a large Pacific Northwest bank—expressed so well her views on the factors in her locality that we quote her in presenting them:

". . . we must remember, women were working against odds, for the reason many were housekeepers, as well, taking care of families and much of the absenteeism was brought about by plain unadulterated fatigue due to overwork. Men did not go home and wash dishes, put the babies to bed, and on week-ends do the family washing and tidy up the house. This is what the women were obliged to do.

"Many of the women employed by this bank were wives of servicemen, some of them were looking forward to bringing a young offspring into the world, not knowing from one day to the next whether that offspring would have a father; wondering about their husbands out in fox holes or over across the Atlantic somewhere—what particular danger they were in. . . . Is it any wonder they could not do a good job? Many of them were here—entire strangers in the community, living in one room, trying to get along in this make-shift way until this horrible war came to an end. . . .

"The point that I am trying to make is this: that if we could have these same women employees in normal times and under normal conditions and start them out on the same plane as the men, giving them the same kind of training, I am confident that in a large ratio they would compare favorably with the men. But our comparisons are made under abnormal conditions."

Comments of the personnel managers indicate that many of them did take into consideration the difficulties under which many women were working and the fact that management did not take as much time to train them as would have been the case under normal circumstances.

HERE are a few comments appearing under the question: "*Did bank women in your locality take full advantage of their wartime opportunities?*"

"Older girls, yes, younger and married girls, no."

"When applied to all women in banking, temporary and permanent, the answer is 'no.' On the other hand, when applied to women who entered banking on a permanent basis, with the intention of making it a career, the answer is 'yes.'"

One official placed the percentage of those who took advantage of their opportunities at one-third, stating that this same percentage would probably apply to men employees, too. Another expressed a similar view, as follows:

"We had a great deal of success in placing women on jobs which had previously been held by men and most of them did a very acceptable piece of work. However, I do think that women as a group could have pushed their advantages more than they did by showing more initiative and interest in their new assignments. It is possible that management is partially to blame for this, and that thought might be supported by the fact that men hired during the war did not seem to take full advantage of opportunities which they would not have had in normal times."

IN answer to the first part of the next question: "*From management's viewpoint, in what respects did they fail?*," several personnel men said they did not fail in any respect, while others listed excessive absenteeism and turnover, lack of preparation through failure to take advantage of educational opportunities, emotional instability, lack of seriousness of purpose, of initiative, and of experience, and inability to assume responsibility as their most serious failures.

Opinions varied in answer to the second half of the question: "*What special qualifications did they bring to*

their jobs?" A small minority said "None," while an overwhelming majority were enthusiastic in their praise, mentioning such characteristics as: "Speed and accuracy"; "exceptional ability to conquer detail work"; "mental alertness, personality, pleasing appearance, manual dexterity"; "neatness"; "willingness to remain assigned to detail work"; "adaptability"; "natural regard for perfection of detail"; "in certain departments showed exceptional ability, such as posting machines, photographing checks, etc."; "good listeners"; and "good at liaison between the customer and the boss."

Here is a more expanded view on this point:

"Usually an excellent background of routine banking gained through years of experience in detail work. In many instances, they were able to perform the work of men replaced, plus other routine work usually done by women employees. This is noticeable by the fact that returning veterans have displaced but very few women."

Two points seem to summarize opinion *as to how the expanded use of women in banks during the war should be helpful to women in future*, and, paradoxically, they sound like contradictions. (1) Women were caught unprepared to take full advantage of their opportunities and should never permit themselves to be caught in this situation again, and (2) they have proved their ability and have gained the confidence of bank management. From the comments, it is obvious that the personnel managers felt that although women made a good record, had they been better trained they could have made an even better showing for themselves.

There was a wide variety of opinion *as to how management can benefit from this wartime experience with women employees*, largely on the positive side. Some of the comments on this point indicate that management will have an open mind when it comes to giving women an opportunity to prove what they can do. Here are some typical comments:

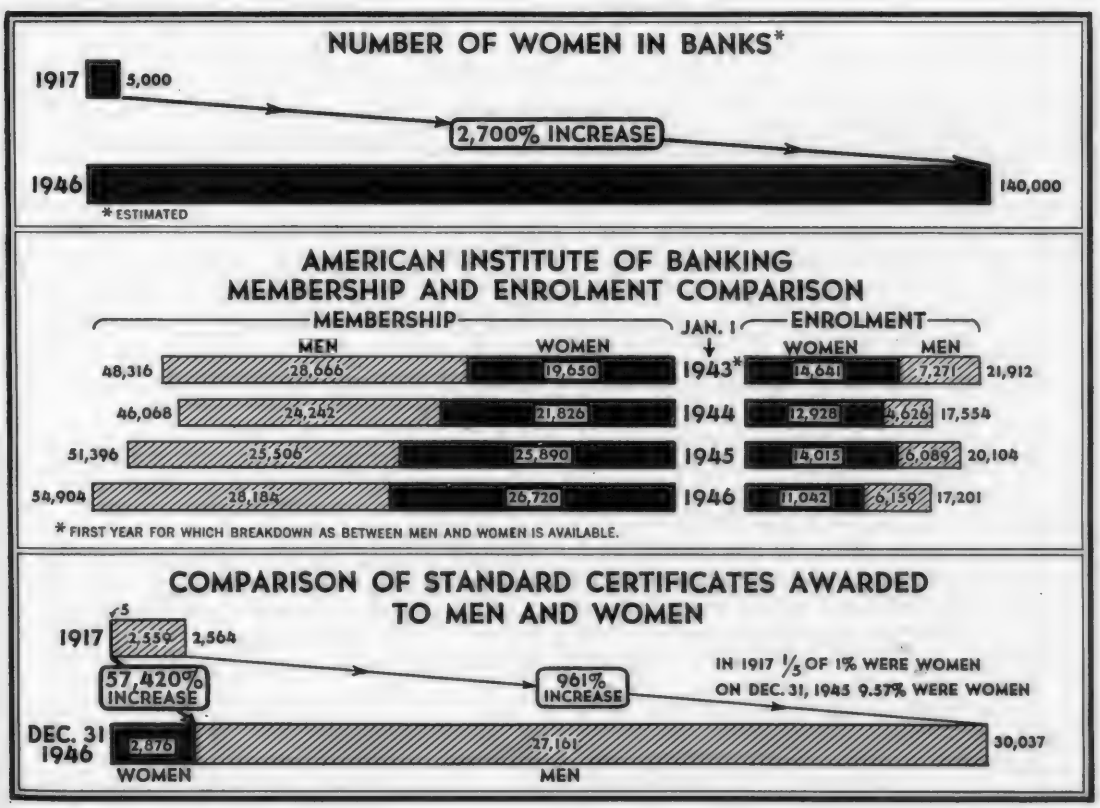
"Personnel men now have a better conception of the abilities and limitations of women workers, based on their wartime experience, and they are able to give feminine applicants fairer consideration than they would have, say, five years ago."

Other comments: "There is definitely a place in bank management and personnel for the right women." . . . "Bank management will be a little less fearful to put a woman on a man-sized job when real aptitude is shown—if convinced that it is not merely a stop-gap." . . . "Women will be given opportunity to prove themselves."

To the question: "*Did women gain recognition from management commensurate with their wartime responsibilities?*," the majority answered that they did, although there were a number who felt that they didn't, or that they still had not been compensated as well as men for comparable work.

One woman answered: "Yes—women as a whole attained in four years what it took some of us old timers 20 years to attain, both in salary and promotions." A personnel manager said: "If you mean compensation, the answer is yes; if you mean by giving them

(CONTINUED ON PAGE 126)



The CONSUMER CREDIT Market

This survey of the consumer credit market was prepared by RUTH O'NEILL *of* BANKING'S *staff.*

Market Indications SEVEN hundred thousand to 900,000 farm homes will be in the market for tile baths and showers during the next five years, according to a survey by the Tile Council of America.

* *

The public will pay 34 per cent more for a color television receiver with an 8″ x 10″ screen and 28 per cent more for a 16″ x 22″ picture, than for black and white, Frank Stanton, CBS president, told members of Senate and House committees at a demonstration of Columbia's color television in New York.

Columbia has granted to Westinghouse first licenses to embody its ultra-high frequency color inventions in television receivers and studio apparatus.

Shortages Threaten Tire Production TEXTILE shortages seriously threaten to wipe out the tire industry's production gains for the first quarter of 1946 and carry further into next year the day when civilian tires will again be available in normal supply, according to the Rubber Manufacturers Association. With the automobile industry making heavier inroads into tire output for original equipment supplies, shutdowns resulting from a textile shortage could defeat the effort of rubber manufacturers to attain their goal — 66 million passenger car tires this year.

More Advertising by Manufacturers AMERICANS will see more advertising this year than ever before, a New York *Journal of Commerce* survey of manufacturers reveals. Despite backlogs of orders, manufacturers are anxious to reach the man who is unwilling to part with his unspent dollars. Advertising will not be so much concerned with the millions who are already clamoring for goods. Most emphasis will be placed on the second and third wave of prospects.

Some manufacturers believe competition will develop not only between manufacturers of like products but between whole industries as well. Then it will be the question of buying a new car or a new house, a new radio or a new refrigerator.

Training Program for Dealers A "PERSONALIZED field training" program, for "selective dealers," aimed at 20,000 retail appliance salesmen, has been launched by Hotpoint. Four regional training teams, each directed by a training specialist from company headquarters, will conduct clinics across the nation, which will bring factory headquarters and other specialists to the salesmen rather than using the "extension" formula. A follow-up program will include "product manuals," news letters and monthly mailings of questionnaires on sales and service.

News About New Products DUE to the uncertainty of products and delivery schedules of vast numbers of the nation's leading manufacturers, the Products of Tomorrow Exposition, scheduled to open at the Chicago Coliseum April 27, has been indefinitely postponed.

The exposition as originally formulated will be the first of a projected annual series, designed to reflect free-spirited American enterprise.

* *

"Ectoplasmic" dishwasher: Talked of by Henry Kaiser, former shipbuilder, and current automobile builder. To weigh about 50 pounds and sell for $50 or $75, meas-

(CONTINUED ON PAGE 117)

"Undue Expansion . . ."

"Undue expansion of consumer credit, either in rate of increase or in volume, would result in aggravating the inflationary pressure already existing due to excess purchasing power," said Frank C. Rathje, president of the American Bankers Association, in a talk to Morris Plan bankers. "Of course, it is essential that all lending agencies cooperate in a program designed to protect the public welfare.

"Furthermore, it must be remembered that many banks have little or no actual experience with this type of lending. The finance companies and the courageous bankers who ventured into this field early . . . were able to set up adequate reserves, which were more than ample to pay for mistakes and errors in judgment that were made. However, the field has become increasingly competitive.

"Even before automobiles and appliances have appeared on the market in substantial volume, successive reductions in charges and successive liberalization of terms have taken place. . . . Banks must be encouraged to set up substantial reserves, in connection with instalment financing, to seek counsel from those with long experience in the field . . . [and] train thoroughly personnel suitable to handle consumer credit financing. Without such precautions, it is inevitable that some banks will experience losses."



Trends

A. ANTON FRIEDRICH

The author is professor of economics, New York University, and a member of the faculty of The Graduate School of Banking.

How high is the total volume of consumer credit likely to go in the boom period ahead? Some observers foresee "a period of greatest expansion." Others are somewhat more cautious, but all agree that the total is certain to exceed greatly the level of the war years.

To bring a generalized forecast nearer to earth, it may be helpful to examine the record of the past. Does the record indicate any pattern which may be used as a guide to estimates of the future? It is true, of course, that this is a changing world in which the new conditions may outweigh the influence of the past. In consumer credit we are dealing with the psychology of consumers, with their financial habits and practices, with the financial agencies. All these are changeable factors. On the other hand, a pattern which has existed over an appreciable period of time tends to persist, reflecting the operation of underlying and constant forces.

The volume of consumer credit reached its high of the 1920's in 1929 with a total of approximately $7.6 billion. With the onslaught of the depression the volume declined until it reached a low of approximately $3.9 billion, after which, reflecting the improvement in basic conditions, it began to climb, with only a slight break in 1938, to a new all-time peak of nearly $10 billion in 1941. In passing it may be interesting to note that this total was greater than the total of all commercial loans, including open market paper, of all insured commercial banks on December 31 of the same year. In other words, consumers in one form or another were borrowing against their income to buy automobiles, furniture, household appliances and to tide over financial difficulties more dollars than business men were borrowing from the banks. Consumer credit was a new giant in the credit structure and had "come of age."

It is to be expected, of course, that the totals of consumer credit should reflect general business conditions, that they should be high in periods of prosperity and low in periods of depression. What is more significant for estimating future trends than the fluctuations of total volume is the ratio of consumer credit to the national income. If, as above, we limit our analysis to the peacetime years, the interesting fact emerges that consumer credit volume tends to have a ratio to national income of roughly 10 per cent. The spread is from a figure slightly below 9 per cent in 1934 to slightly more than 12 per cent in 1940. In other words, it would seem to be a habit of American consumers as a whole to borrow approximately $1 for every $10 they earn.

The war years, of course, give us quite a different picture, reflecting Regulation W in some part, but more importantly the unavailability of durable consumer goods which draw most heavily upon consumer credit to move them into consumer hands. During the war years, the dollar volume of consumer credit dropped to a low of approximately $5.3 billion in 1943, a figure somewhat more than half the peak year of 1941. In terms of percentage of the national income, the decline was more precipitous, reaching a low of slightly less than 3.7 per cent in 1944.

Consumer credit is again on the rise. The total outstanding volume at the end of 1945 was nearly $1 billion higher than in 1944. The greater part of this increase occurred in the last quarter of the year. Will it reach the national income-percentage level of the pre-war years? If so, then the billion dollar peak of 1941 will be surpassed and by a considerable amount.

In so complex and fluctuating a matter as the national income, statistical and economic experts can only give broad "guestimates" which will show a considerable spread. For our purposes, we can settle on a rough compromise figure of say around $150 billion for the years of 1946 and 1947. The actual figures of national income may be quite different, but our figure will do to indicate the level which the volume of consumer credit may reach if the peacetime pattern persists. In other words, if consumer buyers continue the habit of borrowing $1 for every $10 they earn, not $10 billion but a figure around $15 billion will become the new ceiling.

How soon will the new ceiling be reached? Consumer credit, it seems to me, will increase rapidly throughout 1946, but particularly in the second half of the year. It will not be, however, until automobiles, refrigerators, kitchen equipment and furniture are rolling in volume off production lines that consumer credit will approach its maximum levels.

There is one major offsetting factor which can affect

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U. S. DEPARTMENT OF AGRICULTURE

How to Make the Service Charge Plan Work

SINCE the Country Bank Operations Commission's distribution of its publication "Checking Account Service Charges for Country Banks," the question consistently raised in banker inquiries has been: "How does the plan work in actual operation? Do you have any information from a bank which has used this plan?"

The answer is "yes." Two years ago, when the Commission first considered this service charge plan as the one most adaptable to country banks, a number of small institutions distributed throughout the country volunteered to "guinea pig" the changeover to this plan.

One, which paid particular attention to the customer and bank operational phases of the plan, was the $5-million Bank of Gowanda, Gowanda, New York. Here is its story, with pertinent observations on customer understanding of this service charge plan, customer reaction to the use of minimum balances in computing earnings credits, comparison of present and previous service charge income, and internal operations of the plan as it was told by the bank's president, S. A. Neilson.

At the beginning of 1932 the Bank of Gowanda's service charge plan consisted of nothing more than a monthly charge of 50 cents on checking account balances which dropped below $100. In July of 1932 a service charge plan with an earnings credit of 4 per cent on average monthly balance, and rates of five cents for "on us" checks, three cents for transit items, plus 25 per cent of total expense to cover overhead, was established. Up to July 1945, when the bank made the test installation of the service charge plan under consideration by the Country Bank Operations Commission, the major change in the 1932 system had been the reduction of earnings allowance in keeping with investment income.

The Bank of Gowanda's present service charge plan embodies those principles of simplicity, fairness, and uniformity of method which the Country Bank Operations Commission believes are vital to the effective installation and operation of a service charge system. The Commission's plan, together with the rates established by the Bank of Gowanda, is:

(1) A maintenance factor (Gowanda factor, 50 cents per month).

(2) The same per item rate on all ledger entries (i.e. deposits, and "on us" checks), and transit items. (Gowanda rate five cents per item.)

(3) An earnings allowance based on minimum balance without deduction for float or reserves. (Gowanda rate 1.2 per cent.)

IN operation, the Bank of Gowanda uses a daily record sheet for each of its 1,700 checking accounts, to which a clerk daily posts the number of transit items from the deposit ticket, plus the deposit ticket or tickets. (Time for this operation, 15 to 20 minutes per day.) These daily records are totaled each month and added to the number of "on us" checks which the bank's bookkeeping machines print on the ledger sheets. This total is multiplied by five cents and the maintenance factor of 50 cents added; the minimum balance is sighted, one-tenth of 1 per cent of this balance figured and deducted from the first total, leaving the amount of the service charge.

To decrease the time required to analyze the accounts, the bank has developed a chart covering the majority of its accounts, those having balances up to $1,500 and items from one to 50. This chart is set up with a minimum charge of 25 cents and its use permits a teller to analyze all accounts in less than two days. About 1 per cent of the accounts are business accounts which are put on complete analysis.

Of the bank's 1,700 accounts, 30 per cent to 40 per cent each month do not pay a service charge, either by virtue of earnings or inactivity. Accounts which show

no activity are charged a maintenance factor of 50 cents every three months.

As to income from service charges, the Bank of Gowanda shows an increase of $150 per month under the Commission's recommended plan. A time savings of approximately 60 per cent in the analysis of accounts has also arisen principally through the use of the minimum balance system and the bank's service charge computation chart. This savings has accrued to the depositor in the form of lower costs.

THE experience of the Bank of Gowanda in using this plan has been very favorable, for the customers have been readily able to understand its operation. Having participated in the cost analysis program of the Country Bank Operations Commission, the bank is able to substantiate its rates and earnings allowance with actual figures.

One great value of the cost analysis program in connection with service charges at this bank was proved during the recent service charge survey by the New York State Superintendent of Banks, when the banks of that state were asked some very pointed questions about their charges, and their knowledge of actual costs of operations. Being able to refer directly to the figures for the Bank of Gowanda as provided by the Country Bank Operations Commission was exceedingly valuable in establishing the equity of rates and earnings allowance when completing this official questionnaire, Mr. Neilson said.

Uniformity in method of computing the service charges has been an important factor in customer acceptance of the Bank of Gowanda's service charge plan. The treatment of depositors on the same basis was a far sighted requirement set by this bank for its service charge plan, and has paid big dividends in customer reaction. Practically none of the bank's depositors has ever voiced a complaint about the service charge plan, or its rates. The use of the minimum balance for computing earnings allowance, which some bankers expected would raise customer objections, has not once been questioned by a depositor.

THIS record of customer acceptance is enviable. It undoubtedly arises from the fact that the service charge plan is preeminently equitable, simple to understand, and uniform in method.

The second, and equally important, reason that service charges have had favorable customer acceptance is the great amount of planning and effort which was put into "merchandizing" them to the Bank of Gowanda's customers. This educational work was accomplished entirely through personal contact. The officers personally contacted customers beginning six months prior to the date the new rates became effective. Starting with the larger and more prominent depositors, several customers each day were contacted and shown a detailed analysis of their accounts. Stressing the importance to the depositor of a profitable institution, the officer explained the cost and earnings position of the bank, the service charge plan and how it would affect the depositor's individual account.

The Bank of Gowanda did not use any folders or other printed material in selling service charges, aside from a letter of explanation to the holders of very small accounts who could not be personally contacted. No newspaper advertising was used, nor was the plan given any publicity beyond the circle of people affected by it—the depositors.

Currently the bank uses no printed matter on the plan, except to give new customers a copy of the service charge computation chart, for their convenience in figuring their own charges if they are so interested.

This, then, is how the Country Bank Operations Commission's "Checking Account Service Charge for Country Banks" works. Here is a bank which has this plan in effect today—a plan based on the principles of simplicity, fairness and uniformity, with rates and earnings established on the sound basis of a thorough knowledge of the bank's operating costs and earnings . . . a plan that has been effectively "merchandized" to the customers.

The Bank of Gowanda has applied the formula for the successful service charge in the country bank—one that provides a just rate of return for service rendered and that is not so complicated that it endangers customer acceptance or complicates internal operations of a country bank.

Last month's article, "A Service Charge Plan for Country Banks," was illustrated by a chart which was a reproduction of one used in one bank. An explanatory note pointing out this fact and cautioning that the chart figures would not be applicable to all banks because of the variance of actual costs and earnings in banks, was inadvertently omitted.

Farm School for Bankers

An agricultural school for bankers will be conducted at Cornell University next Summer by the New York State Bankers Association in cooperation with the New York State College of Agriculture.

Fifty bankers comprising the school's first student body will arrive on the campus on August 11. For the next five days they will live in student quarters, attend lectures and classes, and go on supervised field trips as part of an intensive course in farm management, land classification and use, soils and fertilizers, crop production, animal husbandry, dairy management, and gardening and vegetable crops.

On a typical school day the banker-students will breakfast at 8 o'clock, report to their first class at 9, and remain in class until 12:50. In the afternoon they will visit farms where they will witness practical demonstrations of farm operations. After dinner they will attend seminars at which farmer-banker relations and other similar topics will be discussed.

The school is an outgrowth of the two-day Farm Credit School, first held in Ithaca in 1941 and repeated in subsequent years.

FARM MACHINERY LOANS

VAN B. HART

The author is extension professor in Farm Management at New York State College of Agriculture and a member of the Advisory Council of the Agricultural Commission of the American Bankers Association.

EACH succeeding generation of farmers has had to sell more farm products to pay the hired man's wages than the previous one. One way in which farmers have met the rising cost of labor has been by the use of machinery. Each generation of farmers has said "This is the age of machinery" and felt that the limit had about been reached in the invention and use of labor-saving farm equipment. But the grain cradle was replaced by the drop reaper, the reaper by the binder, and the binder by the combine; and there seems to be little indication but that each generation will see the invention and use of more and more labor-saving farm machinery.

The shift toward more mechanization of farming means four things:

(1) More money per farm invested in machinery.

(2) Larger farm businesses needed to make efficient use of labor-saving machinery available.

(3) An advantage to those farms adapted to the use of any new piece of labor-saving machinery and a handicap to those that are not.

(4) More credit used by farmers in financing the purchase of machinery.

Before the war United States farmers were buying about a half billion dollars worth of new machinery per year. In spite of a shortage of both new machinery and repair parts, farmers did a masterful job of stepping up production during the war. But many pieces of farm equipment are now beyond even the stage where they can be held together with the proverbial "baling wire and gunny sacks." It would seem safe to say that the new machinery now badly needed on our farms represents an investment in excess of $2 billion.

A large number of companies that had war contracts have been looking for something else to make and sell. Many companies with no experience in manufacturing farm machinery are getting into this field. A large amount of new and untested farm equipment is now on the assembly lines and more is coming. Some of these newcomers in the farm machinery field may not last long against competition with the old-line manufacturers. Customers of such companies may later find themselves holding the bag with some orphan equipment on which they cannot get repair parts or service. Two of the questions that a banker might well ask a farmer who wants a loan to buy a piece of new equipment are: (1) Has the machine been thoroughly tested and proved satisfactory? (2) Are repairs and service likely to be available for the life of the machine?

Frequently the high cost of farm wages tempts a farmer to buy a labor-saving machine when he does not have sufficient use for it. Present wage rates make it almost prohibitive to hire a man to pitch hay onto a wagon by hand. A study made on New York farms shows that it takes five hours of man labor to move a ton of hay from the windrow to the mow by wagon and hand pitching, three hours with a loader, and one and a half hours with a pick-up baler. But the average investment in hay-making equipment on farms where a loader and wagon were used was only about $300 compared with from $1,200 to $1,700 in the case of the baler.

COST studies indicate that the saving in labor effected by the pick-up baler is not sufficient to warrant a farmer with only 50 acres of hay owning one. But if a farmer with 50 acres of hay on his own farm can do 100 acres of custom baling for his neighbors, the baler is a good investment. There are many opportunities for farmers on our smaller farms to cut their labor and machinery costs by either owning some of the expensive pieces of labor-saving machinery and doing outside work for neighbors or by not owning them and paying for custom work themselves. Also there are excellent opportunities for experienced persons to make a business of owning large units of the more expensive pieces of farm machinery and operating them entirely for custom work.

The country banker who gets a good slice of that $2 billion of farm machinery business is likely to be the one who does a good job in maintaining present contacts with farmers and in building new ones.

Grandfather's way of harvesting hay has required a minimum of investment in machinery, but a lot of hand labor

U.S.D.A.







Did you ever see a Dream BURNING?

HOMES like this represent the realization of yesterday's dreams . . . dreams that materialized as the result of thought, saving, and hard work . . . the fulfillment of years of careful planning.

Part of the dream was protecting the home . . . but the owner may find that the fire insurance and other property coverages he carefully planned are inadequate today . . . that soaring replacement values would prevent rebuilding anything like his present home at its original cost.

Urging policyholders to keep pace with value, alert Home producers today are recommending new property appraisals, with new insurance adjustments wherever necessary, reflecting the sound judgment and experience of The Home—America's leading insurance protector of American Homes and the Homes of American Industry.

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News Around and About

Merchandising . . . Bank Operations . . . Legislation . . . Better Farming

Revised Farm Credit Bill Passes House

THE Flannagan Bill to remove farm credit from the U. S. Department of Agriculture and to set up an independent agency under a nonpartisan board has been passed by the House of Representatives. Hearings have been held by the Senate Committee on Agriculture and Forestry.

Representatives of the American Bankers Association, as well as spokesmen for several farm organizations, were among witnesses favoring the general purposes of the measure when hearings were held last Summer before the House Committee on Agriculture. At that time, the proposal involved a consolidation of existing agencies at the top level only. However, the House amended the bill to require that all agencies, both "hard credit" and "soft credit," be operated in each county under one representative. Many supporters of the measure view this change with concern.

"It should be kept in mind," Representative Flannagan told BANKING's reporter, "that the enactment of this legislation is only the first step. It only lays the proper foundation upon which to build a sound agricultural lending structure — a structure that will, by eliminating duplications and overlappings, give the farmers of America an efficient and sound lending agency, and at the same time, by proper safeguards, will not interfere with our local rural banks."

Bank Aspects of New Wheat Buying Program

An "ace card" was played in the Government's program to induce farmers to sell their wheat so that it might be shipped abroad for the relief of famine. The U. S. Department of Agriculture has offered to buy wheat from farmers for immediate delivery, giving them a choice of the market price on any date they elect until March 31, 1947.

Immediately following announcement of the new program, a letter on its bank credit aspects was sent to state bankers associations by A. G. Brown, director of the A.B.A.'s Agricultural Commission. Mr. Brown stated:

> "The farmer selling his wheat now at a price to be determined by the market on a later specified date will receive a non-negotiable certificate as evidence that reimbursement is due him. If his credit is good, banks can finance the waiting period on the basis of his financial statement. However, the certificate apparently will not be usable as collateral.
>
> "Official opinion seems to be that most of the wheat now being held back on farms in the hope of better prices is owned by farmers who do not need cash at present, or who are able to borrow otherwise than on the security of their wheat. If this is the case, it is believed that lending by the banks will not be seriously affected by this procedure.
>
> "Inquiries as to why a non-negotiable form of certificate will be used brought the answer that the Bureau of Internal Revenue has ruled that issuing a negotiable instrument for wheat delivered this year for settlement in 1947 would necessitate reporting proceeds as 1946 income. However, with a non-negotiable instrument, a farmer selecting some date in 1947 may report the proceeds of sale with his 1947 income."



For having attained the A.B.A. Agricultural Commission's 1,000-point rating for 10 consecutive years, the South Dakota Bankers Association was presented with a certificate of merit and $200 at ceremonies at State College in Brookings. *L. to r.*, Warren Garst, Commission member, Jefferson, Iowa; Commission Director A. G. Brown making presentation to C. O. Gorder, president, SDBA; and A. G. Berger, chairman, Agricultural Committee, SDBA. Cash award is being used to promote farm youth activities of the association

Bankers Asked to Help in Famine Emergency Campaign

The United States cannot feed the world for the reason that it produces only 10 per cent of the world's food supply, but since our food production is more than a third higher than before the war, we are in a better position than any other country to help make up the deficits in the shortage areas, according to A.B.A. Deputy Manager A. G. Brown, who is a member of President Truman's National Famine Emergency Council.

"Bankers, because of their positions of leadership in the communities they serve, can make a contribution second only to the contribution they made in helping to win the war by getting behind the President's famine emergency campaign," said Mr. Brown. "The President, upon his return from Potsdam last August said that 'unless we do what we can to help, we may lose what we have won.' We now are face to face with the necessity for doing *all* that we can in order to help prevent mass starvation throughout the world."

The National Famine Emergency Council's program of assistance calls upon the people to conserve, contribute,

produce and preserve. The encouragement of more, larger and better Victory gardens is one of the measures advocated by the council in order to conserve and produce for famine relief purposes. "The facts show," said Famine Emergency Committee Chairman Chester C. Davis, "that there is need for millions of gardens in 1946. Gardens will help us conserve wheat by providing extra vegetables to make up for less bread and cereal. They will cushion against shortages which may develop here and there during the critical months."

The two principal factors responsible for famine conditions abroad — war and drought — have cut world food production per capita 12 per cent below prewar levels, Mr. Brown said. On the continent of Europe production is 20 per cent below prewar; in French North Africa it has been cut in half; sharply reduced in South America; in Japan it is three-fourths of prewar; below average in Australia, India, China, Manchuria, Russia, etc.

About 125 members, representing the principal economic, civic and social groups of the country, have been appointed to the President's National Famine Emergency Council. Mr. Brown, who is director of the American Bankers Association's Agricultural Commission, represents banking.

The Department of Agriculture has appointed state managers (state directors of the Production and Marketing Administration) and county managers (county AAA chairmen) to spearhead the famine emergency campaign throughout the country, in cooperation with the groups represented on the council.

1946 Crop Insurance

The Federal Crop Insurance Corporation announces that its 1946 crop insurance contracts follow on the whole the same principles that were in use in 1945, but that for 1946 it has shifted very largely to the minimum appraisal plan because of its simplicity.

A "partial insurance protection" plan has recently been adopted by the FCIC, under which plan, as it applies to wheat, cotton and flax, the insured may apply for 60, 70, 80 or 90 per cent partial insurance protection. This, it is explained, "is essentially the same as if he insured these percentages of his acreage and is applicable to insufance for either 50 or 75 per cent of his average yield."

This plan provides a method whereby the farmer can take a smaller amount of insurance, without affecting the amount of the insured production and the determination of whether or not a loss is payable. All it affects is the amount of the loss payable. The same plan is being used on tobacco, but is applicable only to the highest level of yield-quality insurance, with elections of 40, 50, 60, 70, or 80 per cent.

A somewhat different plan of partial insurance protection is applicable to corn.

Farm Mortgage Seminar

The Mortgage Bankers Association of America and the School of Agriculture of Purdue University are cooperating for the second year in planning a "Mortgage Bankers Farm Seminar" to be held at Purdue, in Lafayette, Indiana, from May 20 to 24.

Forty-five students from 13 states, representing life insurance companies, commercial banks, mortage companies, and Federal land banks, were registered for the first seminar held in June 1945.

In announcing the seminar, the Mortgage Bankers Association states that the program is designed essentially for junior executives and field men of farm mortgage lending institutions; that the subject matter will be highly practical, with considerable discussion devoted to the underlying economic aspects of sound lending practices.

Dr. Earl L. Butz, agricultural economist of Purdue University, is the director of the seminar. Lecturers will include A. G. Brown, deputy manager of the American Bankers Association and director of its Agricultural Commission, whose subject will be, "The Public Responsibility of Private Lenders," and Dr. E. C. Young, dean of the Graduate School of Purdue University, who is a member of the Advisory Council of the A.B.A.'s Agricultural Commission. Dr. Young will discuss on successive days the "Economic Outlook for Agriculture" and "Technological Outlook for Agriculture."

St. Louis FRB Offers Loan Development Program

In a 36-page booklet entitled "A Farm Loan Development Program for Country Banks," the Federal Reserve Bank of St. Louis calls attention to the wisdom of country banks planning their operations in order to meet the competition for farm credit business from government lending agencies, insurance companies, finance companies, and others.

"In this competitive situation," the booklet states, "the country bank which operates today without a definite program for soliciting and servicing the credit needs of local borrowers runs the risk of becoming little more than a clearinghouse for local checking accounts and an investor in low-yield government securities. On the other hand, country banks that have worked out progressive loan development programs have been able, despite active competition and decreased over-all demand for farm credit, to maintain reasonable farm loan volume and a favorable earning position. At the same time they are providing a high type of rural community service."

In addition to an outline of a suggested farm loan

Six commercial banks of Columbia County, New York, were hosts to 300 farmers at a dinner conference in Hudson. At speakers' table, *l. to r.*, G. Morgan Browne and Lawrence E. Dignan, of Federal Reserve Bank of New York; Professor Van B. Hart, Cornell University; T. H. M. Hathaway, vice-president, Hudson River Trust Company, and meeting chairman; Edwin W. Mitchell, conductor of "Farm Forum of the Air," Station WGY of Schenectady; Nicholas Jamba, National Bank and Trust Company, Norwich; Lyle Fingar, fruit farmer; Hugh R. Davidson, vegetable grower; and Grant Landon, dairy farmer. Arrangements for the meeting were made by County Key Banker Earl S. Coon



development program and a follow-up calendar, the booklet discusses: (1) Survey of farm loan potential; (2) provision for adequate field service; (3) establishment of a permanent credit card file; (4) the farm loan file; (5) advisory council of farm customers; (6) customer relations; (7) special interests; (8) direct mail; (9) working with farm lenders and farm organizations; (10) personal contacts; (11) personnel training; and (12) annual roundup and achievement day.

Banker-Farmer Meetings

Widespread resumption of banker-farmer meetings, which proved so helpful during the war in stimulating an understanding of mutual problems, is being advocated by the A.B.A.'s Agricultural Commission. To this end, Commission Chairman C. W. Bailey has addressed a letter to county key bankers suggesting four principal topics for discussion: Returning veterans, soil conservation, farm land prices, and building financial reserves.

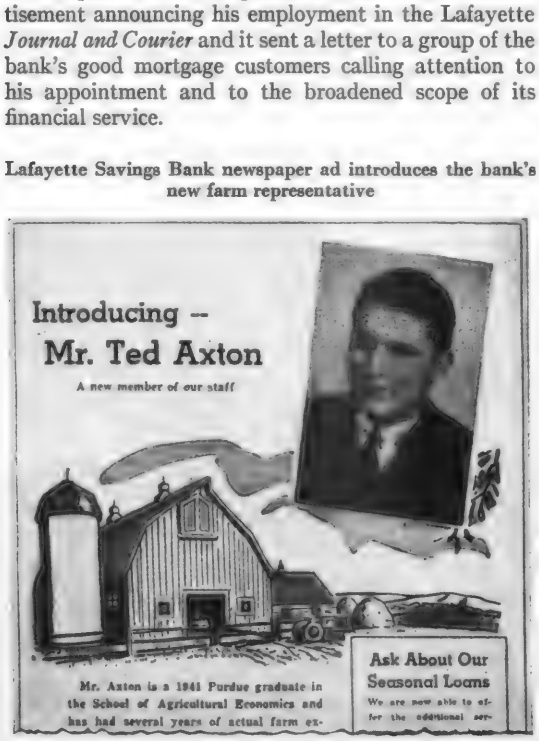
He said: "The iron is hot. There is more going on today in the way of up and coming programs affecting bank services to farmers than has been the case at any time in my experience. Let's get these ideas across to our farmer customers."

Agricultural Commission Director A. G. Brown has received assurances from State Extension Directors of continued cooperation of county agents in planning and conducting the banker-farmer meetings. "Keeping agriculture financially sound," Mr. Brown said, "very likely will continue to be the theme in most of these meetings."

Effective Farm Financing Promotion

The Lafayette Savings Bank of Lafayette, Indiana, took advantage of an opportunity to publicize its farm financing service recently in using two media to announce that T. P. Axton had joined the bank's staff as farm representative. It placed a three-column advertisement announcing his employment in the Lafayette *Journal and Courier* and it sent a letter to a group of the bank's good mortgage customers calling attention to his appointment and to the broadened scope of its financial service.

Lafayette Savings Bank newspaper ad introduces the bank's new farm representative





At a joint meeting of the Agricultural and Government Lending Agencies committees of Minnesota Bankers Association in Minneapolis. *L. to r., at head table,* N. V. Torgerson, member, A.B.A.'s Subcommittee on Agricultural Credit; A. G. Brown, director, A.B.A.'s Agricultural Commission; Thomas Boright, editor, *Commercial West;* George A. Beito, president MBA; A. W. Hoodecheck, chairman, MBA's Agricultural Committee; O. M. Alme, chairman, MBA's Government Lending Agencies Committee; William Duncan, Jr., MBA secretary; O. B. Jessness, head, University of Minnesota's Department of Agricultural Economics and member, A.B.A. Agricultural Commission's Advisory Council

Both the letter and advertisement mentioned the fact that Mr. Axton was a 1941 Purdue University graduate in the School of Agricultural Economics and that he had had several years of actual farm experience.

Kansas Farmer Awards

Two hundred and thirty-four certificates of award have been made to farm operators in Kansas for excellence in soil and water conservation practices throughout the calendar year 1945 by the Kansas Bankers Association.

This is the first year that this award has been made, but the practice will be continued as long as the program is maintained in effect. A certificate was also awarded to Doniphan County, which excelled all others in county-wide conservation methods.

Booklets That Inform

The "Sunshine Future Farmer," an eight-page newspaper published monthly by the New Mexico Association of Future Farmers of America, is now being sent to all of the banks in New Mexico by the Department of Vocational Education of the New Mexico State College and should prove useful in acquainting bankers with the activities of the FFA group.

★ ★ ★

Cyrus Simm, the extension economist in farm management of the Agricultural and Mechanical College of Texas, sends out a bulletin periodically to county extension agents entitled "Economic Facts and Opinions," designed to assist the county agents to keep abreast of trends and developments in this field.

Data on agricultural credit originating with the A.B.A. and other sources are included in the bulletin from time to time.

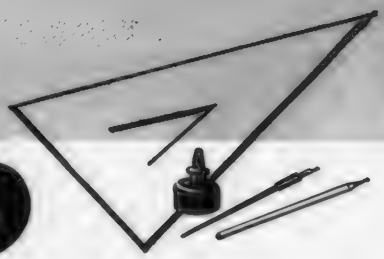
★ ★ ★

An attractively illustrated folder entitled "The Booby Trap—50,000 FARMS for VETERANS" has been prepared by the New York State College of Agriculture at Ithaca for the purpose of warning veterans against buying worthless farms.

(CONTINUED ON PAGE 114)



BUILDING for the Future



Bank Move Solves Space Problem

JOHN J. McCANN

This is another instalment of BANKING'S *continuing report on bank remodeling and new construction plans.*

OUR recent national survey uncovered a number of tricky problems, none perhaps more perplexing than this: Hundreds of banks which grew up on a choice corner of Main Street are now hemmed in on all sides by important business properties; consequently, physical expansion is impossible in any direction but *up*. If the town cannot support another office building, upward expansion is inevitably out. In other cases, the architecture of the bank may make it impractical to add more floors to the building. Of course, there's no stock answer to this problem, but there are numerous banks which have met and solved it by moving.

Let's examine a typical case. The Ames Trust and Savings Bank of Ames, Iowa, was originally located on the busiest corner in town—a distinct advantage businesswise. New sites on the main street were difficult to get, but a site one block from the main corner was finally obtained. At first, it seemed that even this distance from the main flow of business would prove a handicap, but events have proved that the choice was sound, logical, and profitable.

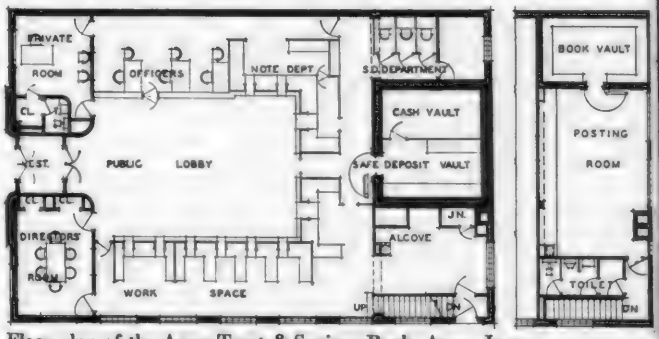
The new structure is 50 feet wide by 78 feet deep. The main section of the building is one story, with a 16-foot ceiling. At the rear the building rises a second floor which houses a posting room, book vault and other facilities directly over the main vaults and safe deposit.

The exterior of the building is "cast" stone, a light colored face brick; metal windows and main entrance at the front, and a series of glass block windows at the side. The lobby floor is of terrazzo tile, and fixtures are modern "low-type" black walnut, with marble base.

At the right side of the lobby are the paying and receiving tellers. The main source of natural light from the bank of windows is at their back—an important consideration. A directors' or general meeting room is conveniently placed on the same side of the lobby. On the left side of the lobby are the note windows, a private conference room, and the officers' platform. Additional tellers' windows, and the safe deposit department are located in the rear section. The safe deposit and cash vaults are separate units, separated by a steel partition and gates, but protected by a common vault door. Coupon booths and a customers' room adjoin the vaults.

A work space alcove is set at the opposite side of the vaults behind the main tellers' section. Here a basket lift connects directly with the posting room on the balcony. The Second floor rests on the main vaults.

The basement houses the ladies' lounge, a storage vault and the heating unit. The building has a forced air heating plant, and is air-conditioned via the same ducts. Fluorescent lighting is used throughout.

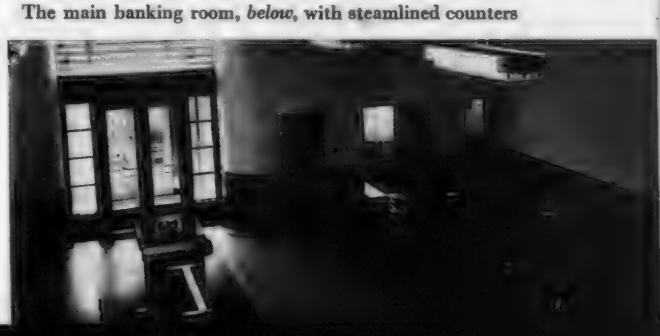


Floor plan of the Ames Trust & Savings Bank, Ames, Iowa, shows a compact, efficient organization of departments



Front and side elevation shows semi-modern influence of severe lines, with accent on main entrance

The main banking room, *below*, with steamlined counters





Veterans' Housing Priorities

An Outline of the "Stop Construction" Order

THE "stop construction" order (VHP-1), which had been anticipated since announcement of the Veterans' Emergency Housing Program on February 7, 1946, was issued by the Civilian Production Administration to become effective March 26, 1946. This action was deemed necessary in order to divert supplies of critical building materials from deferable and less essential construction into housing for veterans.

Although the order did not immediately affect the operations of Priorities Regulation 33 under which veterans' housing is given priorities assistance, on April 11 the regulation was revised and broadened to include, besides veterans of World War II, present members of the armed forces and the merchant marine; Americans who served with allied forces during the war, widows of members of the armed forces who died in service; and widows of deceased veterans, if the widow lives with the veteran's child.

The regulation does not forbid or require authorization for any construction already begun, if any of the materials which are to be an integral part of the structure had been incorporated in it on the site before March 26, and if the work was being carried on at that date.

Except where specific authorization is given, VHP-1 forbids the beginning of construction, or repairs or changes in existing structures, with certain minor exceptions.

On April 11, CPA and the National Housing Agency ordered a sweeping liberalization of the priority controls system over building materials, to make possible construction of housing considered necessary to the production of "essential foods or scarce products." The action will allow farmers to build houses for either their own or their workers' occupancy and producers of "scarce products" to provide housing for labor necessary to increase the output of goods which the Government believes will justify the use of scarce construction materials. Builders of non-veteran housing under construction before issuance of the building-control order may now apply for priorities to complete their construction.

No list of "scarce products" will be compiled, but regional offices of CPA will receive a general statement of criteria on which to base their decisions.

THE order (VHP-1) does not apply to construction, repair, alteration, or installation jobs on which the cost does not exceed the amounts listed below for particular classes of structures:

(1) House (including a farm house) or other structure (such as a garage) on residential property, designed for occupancy by five families or less — $400 a job. Repainting, repapering and sanding floors, where no change in the structure is made, are not covered by the order.

A "job" is defined as a related series of operations which are performed at or about the same time or as part of a single plan or program. No job which would ordinarily be done as a single piece of work may be subdivided for the purpose of coming within this exemption. The "cost" of a job means the cost of the entire construction job as estimated at the time of beginning construction.

(2) Hotel, resort, apartment house or other residential building designed for occupancy by more than five families — $1,000 a job.

(3) Commercial or service establishment — $1,000 a job (bank buildings are included in this class).

(4) Farm (excluding farm house) — $1,000 a job.

(5) Church, hospital, school, public building, charitable institution — $1,000 a job.

(6) Factory, plant or other industrial structure — $15,000 a job.

Application must be made for authorization to begin jobs the cost of which exceeds the above amounts. For housing jobs, applications should be made on Form CPA-4386 and filed with the local FHA office except farm housing applications which should be filed with the local

(CONTINUED ON PAGE 99)

Lowell W. Marten and Bertil H. Carlson, veterans recently returned to the Farmers and Mechanics Savings Bank of Minneapolis, inspect large scale model of Penn Model Village on exhibit at the Builders' Show at the Minneapolis Auditorium.

(Story on page 79)





That's What Your Money Does

The man who makes his hay with horse-drawn mower and side-rake, hayloader and wagon, using slings to hoist it into the barn, uses 3.4 man-hours per ton. His neighbor who uses tractor-powered mower and side-delivery rake, followed by a Case Slicer-Baler and hauling by truck, gets his hay into the bale *and* into the barn with only 2.5 man-hours per ton.

The gain of 26 percent in tonnage per man-hour is only the beginning. There is less loss of carotene through sun-bleaching, of mineral and carbohydrate losses through exposure to dew and rain. The usual loss of precious protein through shattering of leaves is minimized. Sliced Hay put up by the Case System thus retains far more nutriment than old-fashioned hay. Often it proves twice as effective for putting milk in the pail or flesh on growing animals. At only 60 percent superiority, it still doubles the food-making capacity of hay-making labor.

The Slicer-Baler is a substantial investment, comparable to a tractor or combine. Financing its sale to the farmers of a community offers use for a substantial volume of idle deposits. Even for farmers who can pay cash, you can render a worthy service by appraising its purchase in terms of annual costs and gains.

Like other Case machines, the Slicer-Baler is built with an earnest eye to ENDURANCE and its resulting extra years of usefulness with low upkeep. Case dealers and their company believe that the financing of farm machinery sales and inventories is business that belongs to local banks. J. I. Case Co., Racine, Wis.



CASE

PARTNERS IN PROMOTING ADVANCED FARM PRACTICES



More Than Talk About GI Housing

ELMER B. MILLIMAN

The eight banks of Rochester, New York, decided to do something about the city's veterans' housing problem. So they organized a corporation, Rochester Civic Homes, Inc., which plans to construct a series of 38 four-family apartment buildings, or 152 units, which will be rented to veterans and their families. In this article, MR. MILLIMAN, *chairman of the banks' committee, tells about this unusual, practical service for house-hunting GI's.*

THE five commercial and three savings banks of Rochester decided it was about time that something was done about the local housing situation besides talking.

Rochester, like most communities in the country, is faced with a definite shortage of housing facilities, particularly for returned GI's. A number of committees have been formed in the past year to consider the problem, but none has been able to offer any concrete suggestions. The result of their activities has been to stir up local demand for a Federal housing project. Recently a veterans' committee was formed under the sponsorship of the younger GI's; its definite purpose is to promote Federal housing.

It seemed to the local banks that the veterans' housing requirements should be met by the community itself and that, inasmuch as no one seemed willing to take the initiative, it might be well for the banks, from a goodwill point of view and also from a community point of interest, to enter the picture themselves. Public housing, of course, represents a further encroachment by the Federal Government into the field of private capital and this, naturally, is something which over a long run might be detrimental to the banking interests. Furthermore, it seemed to us that if there is any subsidization of housing it should be done at the community level by those who are close to the situation and know what its real problems are and who can control the entire situation, rather than by a federally sponsored organization.

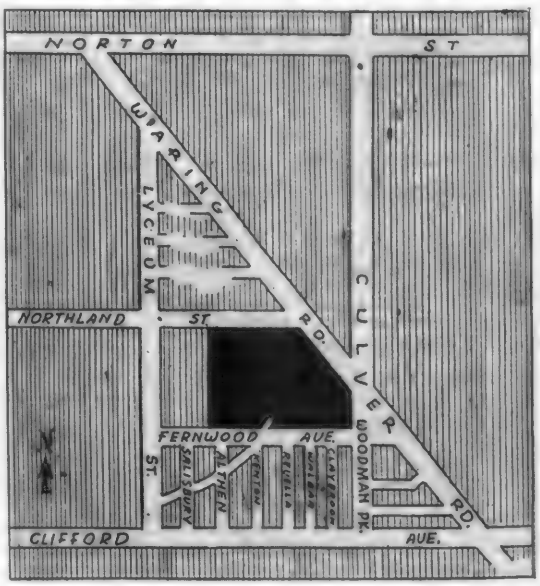
ANOTHER factor which seems of considerable importance is that at present there is practically no rental housing available; hence veterans who wish to have their own living quarters are forced to buy homes. This, of course, they are able to do under the GI Bill of Rights. However, in many instances the bill encourages veterans who have no financial responsibility to buy homes and, should a period of unemployment or some unforeseen emergency develop, the banks would be put in a position of having to foreclose mortgages. This would unquestionably lead to considerable agitation by the veterans against the "hard-hearted" bankers and create quite a little ill will in the community.

Furthermore, the new houses which the veterans buy now are of rather poor construction and possibly may develop structural defects within the next few years due to the use of inferior materials. This, likewise, might lead to considerable criticism from the property owners.

With these considerations in mind, the local banks got the idea of forming a corporation to be known as the Rochester Civic Homes, Inc., whose stock would be owned pro rata by the local financial institutions. They would subscribe a nominal amount to its capital stock. It was then proposed that the city sell a fully improved plot of real estate to the new corporation at a nominal figure. With this as its equity the corporation would, under the proposed plan, seek a loan under the National Housing Act to cover all the cost of construction. This mortgage the local banks would share equally at somewhat lower than the normal rate of interest. It was anticipated, furthermore, that some arrangement could be made with the city, in view of the nature of the project, to procure a concession on the assessments so that the rentals could be brought down to a figure within the reach of the newly married veteran without any accumulated amount of responsibility.

In order to remove the criticism that the banks were making some sort of hidden profit on the transaction and also to induce the city to make its contribution to the project, it was proposed that all net earnings of the

A Rochester newspaper published this map of the project





An architect's drawing of one of the veterans' housing units

corporation, above the amount necessary to cover operating costs, amortization of the principal of the mortgage, and adequate replacement reserves, be used in further reduction of the principal of the indebtedness and, when the mortgage was paid off in full, that the property be sold and the proceeds turned over to the city to be used in the reduction of its indebtedness at that time, or, if it was out of debt, for necessary permanent capital improvements.

Under this program, the banks' contribution to the project involves only a comparatively nominal investment. We estimate that this will be somewhat less than $5,000 each. In addition, they will receive somewhat less than the ordinary amount of interest on the mortgage, though it must be borne in mind that the indebtedness will be fully guaranteed by the Federal Housing Administration. They will also supervise the activities of the paid management of the project without compensation.

This tentative program was discussed at length with the city authorities who, naturally, received it enthusiastically. The clearinghouse appointed a committee to work out the details. It consists of myself as chairman; Raymond N. Ball, president of the Lincoln-Rochester Trust Company; E. A. Stebbins, president of the Rochester Savings Bank; and John W. Jardine, president of the Genesee Valley Trust Company.

This committee employed C. Storrs Barrows, a well-known local architect, to draw the plans which have been completed and are fully approved by the Federal Housing Administration. The city has passed the necessary ordinances to insure its cooperation and as this is written we are about ready to receive bids for construction.

We are proposing to erect a so-called "garden-type" development with a series of four-family apartment units, pleasingly spaced, over a 10-acre tract. Each apartment will have its own entrance and will contain its own heating unit. It will consist of a large living room, two bedrooms, kitchen, and bath. The kitchen will be modern in all respects and will contain a sink with a garbage disposal unit, a six cubic foot refrigerator, and large gas range. Laundry facilities will be supplied in three central laundry sections conveniently located to all apartments. These centers will have laundry trays in addition to automatic washing machines on a meter basis. There will be garage facilities for about half the apartments and space provided for additional garages as the demand develops. Our tentative figures indicate that we will be in a position to rent these apartments at $40 a month exclusive of heat which, we are told, will not exceed a cost of $65 a year. The charge for a garage will be $5 a month.

It is our hope that the project will be ready for occupancy in the early Fall. A few months before that time a rental application committee will be formed, consisting of non-bankers, who will have sole authority to pass upon prospective tenants.

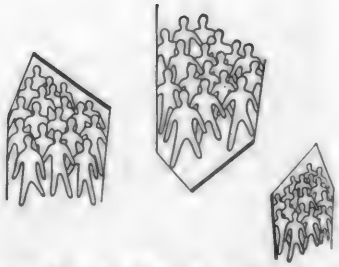
The board of directors will probably lay down some general rules stating the maximum amount of income that a prospective tenant can earn, and other restrictions; but within these limits the committee will have complete authority in the matter of rents. The reason for this setup, of course, is to remove any pressure that might be exerted upon the banks to provide apartments for their customers.

The project has been very well received locally and has been endorsed by the Rochester Builders Exchange as well as the Rochester Home Builders Association.

We are aware that this is a rather unusual project for banks to undertake and realize that we will have many unforeseen problems. However, we are increasingly convinced that it is a step in the right direction and that it will benefit both the banks and the community.



Wells Building, Milwaukee, Wisc.

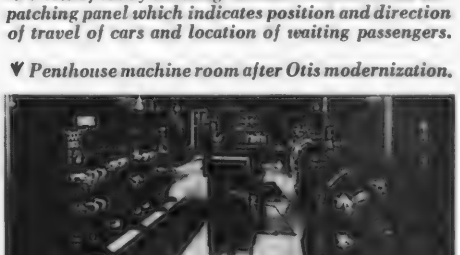


Increased occupancy.. Fewer elevators... Better service



▲ *View of lobby showing elevator entrances and dispatching panel which indicates position and direction of travel of cars and location of waiting passengers.*

▼ *Penthouse machine room after Otis modernization.*



The experience of the Wells Building typifies the increased operating efficiency and the reduced operating costs made possible by Otis elevator modernization.

Formerly, this building, with an occupancy rate of 85%, was served by 6 hydraulic-plunger elevators. These were replaced with 4 modern, high speed gearless Otis elevators with Peak Period Control. Although the building is now 100% occupied, tenants are receiving better service even in peak periods. With 4 elevators doing the work of 6, the building has made substantial savings in operating costs.

A survey, plan and estimate covering your specific modernization needs incurs neither cost nor obligation. For the finest in vertical transportation tomorrow, call the nearest Otis Office today.

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Home Loans to Veterans

MARGARET KANE

MISS KANE *is research assistant in the Real Estate Finance Department, American Bankers Association.*

THE procedure of guaranteeing home loans made to veterans under Title III of the Servicemen's Readjustment Act was greatly simplified by the amendments made to the act last December. The new regulations pursuant to the amendments became effective March 1 of this year. The revised forms are much shorter, and the loans can now be processed with a minimum of delay. When a loan is made in compliance with the law and regulations, the guaranty is automatic.

This streamlining has considerably increased the responsibility of lenders. As stated in the amended act, one condition on which a loan will be automatically guaranteed is "that the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost bear a proper relation to the veteran's present and anticipated income and expenses." The lender is required to certify that the loan has been made in full accordance with the terms and provisions of the act, but neither the act nor the regulations prescribe a standard for a satisfactory relationship between the cost of the property and the veteran's income and expenses. Judgment and experience must govern, and the limited income of many veterans means that the margin of safety may frequently be narrow.

The Federal Housing Administration in its report for 1943 published a table showing average property valuation and prospective housing expense of mortgagors for Section 203 mortgages on which firm commitments of insurance had been issued during the year. The figures covered existing single-family homes only. Insurance of mortgages on new homes under Section 203 had practically ceased because of the war. Figures based on the FHA table are given here in the belief that they may have some value as a guide to reasonable relationships.

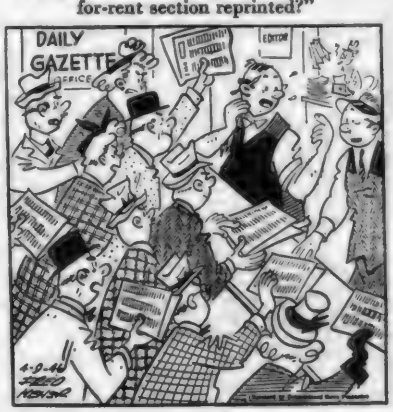
"Prospective housing expense" includes estimated payment to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, ground rent and miscellaneous items, if any; also estimated cost of maintenance, and operating expenses for such items as water, gas, electricity, and fuel for heating.

Income group	*Average borrower's annual income*	*Ratio of property valuation to annual income*	*Ratio of prospective housing expense to income*
$1,000 to $1,499	$1,272	2.60	.39
1,500 to 1,999	1,755	2.24	.30
2,000 to 2,499	2,273	2.01	.26
2,500 to 2,999	2,680	1.97	.25
3,000 to 3,499	3,098	1.81	.23
3,500 to 3,999	3,646	1.68	.21
4,000 to 4,999	4,449	1.57	.19
5,000 to 6,999	5,702	1.41	.17
7,000 to 9,999	7,922	1.26	.15
10,000 or more	14,277	.92	.11
All groups	3,505	1.67	.21

The regulations of the Veterans Administration provide that when a lender has failed to exercise proper credit judgment the Administrator may temporarily suspend the right of the lender to guaranty. It is highly important, therefore, that the bank base its judgment on adequate information about the veteran and the resources out of which he intends to repay the loan. It is also necessary that adequate records be kept of the basis on which credit was extended, so that if the Veterans Administration subsequently investigates the loan the bank will be protected against suspension of its right to guaranty.

The Veterans Administration no longer requires that a credit report on the applicant be submitted, but presumably banks will continue to obtain such reports.

"What practical joker had that 1936 homes-for-rent section reprinted?"



No special application form is provided by the Veterans Administration for guaranteed home loans. Obviously, however, in considering an application the bank should have some systematic means of assembling and preserving the necessary data. Many banks in their general mortgage lending operations use application forms that provide for all the information needed. The forms used by other banks would have to be revised or supplemented in order to be sufficiently comprehensive. For banks that need a supplementary record, the A.B.A. has prepared a "Veterans' Home Loan Credit Statement" on which pertinent data can be summarized. These data include the veteran's employment record, his present and anticipated income and other assets and liabilities, a description of the property, notes on the proposed terms of financing, and a statement of the estimated annual expenses to the veteran of home ownership.

The veterans' emergency housing program, under which it is proposed that 2,700,000 new homes will be started by the end of 1947, brings additional impetus and urgency to bank lending to veterans for the purpose of financing homes. At the same time, the provisions of the Servicemen's Readjustment Act place a responsibility on all lenders to see that veterans are not encouraged to enter into unsound transactions. This is not an easy responsibility to discharge, in the face of the alarming increases in real estate prices.

In bookkeeping, it's duplication



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5

Building News

A Bank-Sponsored Conference

SIX HUNDRED builders, real estate men and others interested in building problems in the Greater Cleveland area were recently guests of the Cleveland Society for Savings at a special meeting held in a local hotel.

Under the bank's sponsorship, Dr. Roy Wenzlick, real estate analyst, appeared as the principal speaker. Interest in his forecasts for the 1946 real estate market was keen and the Society received requests for several hundred copies of his talk.

Today's Insurance

The National Board of Fire Underwriters, warning of an under-insurance problem in this day of rising realty values, says:

"Most property owners, since they have not built or moved in recent years, have overlooked the vital necessity of increasing their insurance to protect the increased value of their property. Yesterday's insurance cannot protect today's property values."

Housing Study

A housing study published by *The Index*, quarterly periodical of The New York Trust Company, asserts that in order to supply even the minimum number of dwelling units needed, residential building construction activity during the next 10 years must be greater on the average than in the peak year 1925 when about 937,000 units were completed.

"Estimates of the country's needs over the next days," the analysis says, "range from 10 to 12.6 million dwelling units, and even if this program is accomplished it is claimed that a considerable portion of the nation's housing facilities at the end of the period will be obsolete or substandard."

Inasmuch as dwelling units in the United States totaled about 37 million in 1940, the study notes that on the basis of these estimates more than one-fourth and possibly one-third as many homes as there were in the country at the outbreak of World War II will have to be built in the next 10 years.



At the Cleveland building meeting, *left to right*, Dr. Roy Wenzlick, real estate analyst; Henry S. Sherman, president, Society for Savings; Irving W. Distel, vice-president; George Forbes, president, Cleveland Real Estate Board

President Truman signs legislation appropriating $250 million to move temporary housing units in congested areas. At the left is Senator Mead, New York. On the other side of the President are Wilson W. Wyatt, Housing Administrator, and Philip Klutznick, Federal Public Housing Administrator



HARRIS & EWING

Savings Club

The Brotherhood State Bank of Kansas City, Kansas, finds that its Home Ownership Savings Club and house-of-the-month program are attracting so much interest that a returned serviceman is being trained to devote his time to the promotional work and to handling loans.

"At the time of starting this program," reports Executive Vice-president E. W. Weeks, "we had no idea how much interest would be shown and were agreeably surprised when our first Sunday advertisement produced 252 returned coupons. Following ads have built our active mailing list to slightly over 2,000. This total includes approximately 100 realtors, lumber companies, hardware and paint stores, contractors and others directly interested in this promotion work. We have received a number of inquiries from people outside our immediate trade area.

"We took our house models and blueprints to the local real estate dealers' luncheon and explained the entire program to them. They were exceptionally well pleased and congratulated us on offering a real service to the people of this community.

"The secret of this splendid interest seems to be the fact that we are offering the public a service free of charge."

FHA Insurance of Class 3 Loans Revived

In line with the efforts of the Housing Expediter to encourage home building in low price ranges for veterans, the Federal Housing Administration has announced that it is again prepared to insure mortgages on new small homes under Title I of the National Housing Act.

The insurance of loans for the building of new structures under Title I was first authorized specifically in the National Housing Act amendments of 1938, although a few new structures had been financed with insured loans under the original Title I provisions. By 1942, when FHA insurance of mortgages on new homes, except for war housing built under the provisions of Title VI, came to a standstill, about 40,000 loans in the amount of $100 million on new homes had been insured under Title I. These loans are known as Class 3 loans. They are limited by law to a maximum of $3,000.

The FHA issued new regulations March 28, 1946 governing the insurance of Class 3 loans, which differ in several respects from the old regulations. The maximum maturity of the loans, formerly 15 years, has been increased to 20 years. The regulations no longer provide for "discount" loans, and the rate is limited to 4½ per cent per annum on outstanding balances plus an FHA insurance charge of ½ of 1 per cent per annum on the original amount of the loan. The annual service charge that lenders were permitted to make under the old regulations is not allowed under the new regulations. There are also some differences in the computation of the payment that will be made to the lending institution on its claim for insurance. Two-thirds of the amount of foreclosure costs will be paid when the amount exceeds the former maximum of $75.

The insurance of Class 3 loans is intended to supplement FHA operations under Title II, rather than to compete with them. It provides a means by which borrowers who for various reasons might find it difficult to obtain Title II financing will still be aided in financing their homes on safe and reasonable terms with FHA insurance.

That Class 3 loans are better adapted than Title II loans to certain types of transactions is apparent from a consideration of some of the differences in the requirements.

In the first place, the category of eligible Class 3 lenders is much broader than under Title II, since it includes any financial institution that holds a contract of insurance under Title I. As with all Title I insurance, the lender is insured against loss up to 10 per cent of the total amount of all loans made, rather than against loss on the individual loan. The reserves for Class 3 loans are combined with those for Class 1 and Class 2 loans. The insurance covers loss on progress payments during construction, and the borrower may be allowed as much as six months from the date of the mortgage to the date of his first payment, which gives him ample time to complete the construction and become settled in the house before starting the monthly payments.

The determination of the borrower's ability to carry a Class 3 loan is left to the lending institution. The lender is required to have assurance that the borrower is a

(Continued on page 93)



"Before starting my talk on the housing situation I would like to thank the Paradise Hardware Store which so kindly sold us this stepladder"

BANKING NEWS

A. B. A. Council Speaks on Federal Debt Policy

Association Executives Draft Four Conclusions As to Government Financing and Banks of U. S.

The A.B.A. Executive Council at its meeting at French Lick, Ind., instructed the officers of the Association to communicate to the members the following four conclusions as to Treasury financing and the banks.

These four points, said President Frank C. Rathje in a subsequent letter to the membership, constitute the principal monetary policies which appeared to the Council most essential at this time in avoiding further inflation from the present huge accumulation of buying power in the form of bank credit, currency, and cashable U. S. securities.

The Four Points

First, the continued vigorous sale of Treasury Savings Bonds by the banks is of the greatest importance in combating inflation. This program should include plans to persuade bondholders to keep their bonds.

Second, the Council approves the Treasury policy of using its War Loan balances in the banks to repay government debt. That action has the anti-inflationary effect of reducing bank deposits which are potential buying power. This is a sound step, although it does have the effect of reducing the earning assets of the banks, and so reducing to some extent their earnings. It will also call for a reappraisal by each bank of its government portfolio to see that it has liquidity to meet Treasury calls on War Loan account and other possible demands.

Third, refunding bonds of long term should be offered from time to time to non-bank investors. Accumulating institutional and private funds provide an opportunity for the Treasury to carry further the refunding of debt held by the banks into the hands of non-bank investors. To do this it is necessary that the Treasury, in addition to the savings bond issues, should make offerings of bonds that have a maturity and rate to appeal to such investors.

Fourth, steps should be taken to reduce speculation in government securities. The banks can do something to improve this condition by reviewing carefully their own loans on government securities, particularly the loans that were made on securities issued in the Victory Loan Drive. The banks certified to the Treasury in connection with every subscription that loans against these securities were of a type that could be liquidated within six months. Those six months will elapse by June 8. Banks have an obligation to review these and other loans on government securities carefully to see that they are not encouraging speculation in such securities.

In this connection the Council also suggests that the Reserve System reconsider the preferential discount rate on short-term government securities at the Reserve Banks which is now one half of one per cent. This rate had a special and useful purpose during the war in encouraging banks to carry their share of government securities. Today when a gradual reduction in bank holdings of governments is desired this invitation to credit expansion is unwise and is inflationary in tendency.

Balanced Budget

The Council commends these points to the attention of the banks of the country. They concern only the monetary phase of the inflation problem; a balanced national budget continues to be the greatest single necessity to resist inflation.

British Loan Endorsed by A.B.A. Officials

Council Gets Reports of Commissions, Committees

The proposed Britain loan agreement was endorsed by the Executive Council of the American Bankers Association as "in the interests of the United States."

Action by the Council was taken after weeks of study by the A.B.A. Advisory Committee on Special Activities headed by W. L. Hemingway, president of the Mercantile-Commerce Bank and Trust Co., St. Louis.

Working Capital

The report adopted by the Council expressed the opinion that the loan would provide at a critical point working capital essential to the world's economic well-being, that it would assist in the removal of trade barriers, promote world trade recovery, and contribute materially to peace.

Important Meeting

The Council studied a wide variety of subjects, including services to veterans, small business, and Treasury war borrowing. The program was unusually full because the Council's normal schedule of sessions had been interrupted by the war. Reports from Association groups were received.

The session concluded just as BANKING was going to press. Further reports on its activities will appear in next month's issue of the magazine.

Present at the meeting were members of the Council from all parts of the country as well as many members of A.B.A. committees and commissions. The State Secretaries Section had one of the best meetings in its history with 38 states represented.

Mid-Western Savings and Mortgage Meeting Planned for Des Moines

A.B.A. to Hold 7-State Conference May 27–28

More than 3,000 banks in seven states have been invited to attend the Mid-Western Regional Savings and Mortgage Conference in Des Moines sponsored by the A.B.A. Savings Division with the cooperation of the Department of Research in Mortgage and Real Estate Finance. The conference will be held May 27 and 28.

Bankers in Iowa, Missouri, Minnesota, North and South Dakota, Kansas, and Nebraska have received invitations from Myron F. Converse, president of the Savings Division, and president of the Worcester (Mass.) Five Cents Savings Bank.

Palyi, Fisher to speak

In a letter to the bankers, Mr. Converse said: "Included among the speakers will be Dr. Melchior Palyi, nationally recognized economist, formerly of the University of Chicago, and Dr. Ernest M. Fisher, professor of Urban Land Economics, Columbia University, New York. It is our present intention to keynote 'merchandising methods' on both days. However, changes occur so fast, our officers have decided to defer final decision on the balance of the program so that when we meet we shall have the most authoritative speakers available to discuss subjects which are most timely."

The Program

The first day of the conference will be devoted to a discussion of the savings business, and the second day will deal exclusively with mortgage lending problems.

It will be a "shirtsleeve" working meeting, designed to acquaint bankers with current developments.



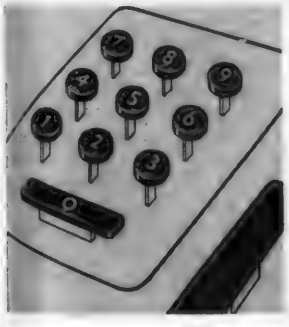
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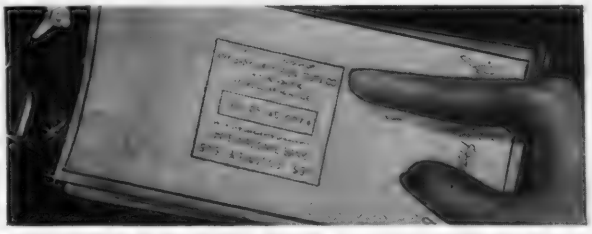
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State Banks Strengthen Capital Structures; Net profits, Operations Earnings Up in '45

An over-all strengthening of the position of state banks during 1945 is revealed by the fact that total capital funds of the 8,930 state chartered commercial banks in the United States increased $525,605,000 during the year, bringing the total capital structure to an aggregate amount of $5,934,995,000 on Dec. 1945, according to H. N. Thomson, president of the A.B.A. State Bank Division.

Mr. Thomson, vice-president of the Farmers and Merchants Bank, Presho, S. D., reported that net profits after taxes for all state commercial banks were $430,521,000 for 1945, an increase of $80,294,000 over the year 1944. Cash dividends declared on common and preferred stock totaled $124,956,000, against $114,433,000 for 1944, or an increase of $10,523,000. The dividend figure for 1945 represents an annual rate of 2.1 per cent on capital funds.

Earnings Plowed Back

"Inasmuch as dividends were increased only slightly ($10,523,000 or 9.2 per cent), as compared with the increase in profits after taxes ($80,294,000 or 22.9 per cent)," Mr. Thomson said, "it shows that banks are plowing a substantial part of their earnings back into the capital account rather than paying them out to stockholders, thus building up an additional safety factor for the protection of depositors and adding to reserves for the day when earnings are less favorable than at present."

Gross earnings from current operations for the year were $1,174,867,000, an increase of $151,477,000 over 1944. The principal sources of earnings were: interest and dividends on securities, $578,114,000; interest and discount on loans, $336,276,000; service charges, $98,212,000; other current earnings, $162,265,000.

The principal operating expenses were: Salaries, $344,786,000; interest on time and savings deposits, $113,701,000; taxes other than income taxes, $52,939,000; other current operating expenses, $228,694,000; a total of $740,120,000, and an increase of $89,197,000 over 1944. This amount deducted from gross operating earnings of $1,174,867,000 left net earnings from current operations and before income taxes of $434,747,000, an increase of $62,280,000.

Added to the net earnings from current operations were profits on securities and recoveries on loans and investments of $247,774,000, and deducted therefrom were losses and charge-offs on loans and securities of $133,220,000, leaving profits before income taxes of $549,301,000.

Taxes Nearly Doubled

Federal and state taxes on income for the year were $118,780,000, an increase of $58,692,000, or almost double those of the previous year. Net profits after taxes and before dividends were $430,521,000, an increase of $80,294,000. This amounted to a rate of 7.3 per cent on capital funds.

Bank Merger Study

The State Bank Division, in cooperation with the Legal Department of the A.B.A., is making a study of the need for state legislation and for amendments to the Federal banking laws to remove seemingly inequitable discrimination in favor of the national banking system in cases of state and national bank mergers.

Instalment Loan Manual Covers Small Business

The Consumer Credit Committee, in cooperation with the Postwar Small Business Credit Commission of the A.B.A., is preparing a manual, "Instalment Loans to Small Business," which should be available about mid-year.

The manual will cover the general needs of small business for credit, the credit factors involved, the personal characteristics of borrowers, elements of competition, security, investment, etc.

A 400-page consumer credit collection directory being compiled by the Committee is nearing completion. It contains the names of all commercial banks making consumer loans.

A.B.A. Offers New GI Home Loan Credit Form

To aid banks in analyzing veterans' home loan transactions made under the Servicemen's Readjustment Act and to provide the banks with proper credit information which will enable them to make the required certification to the Veterans Administration, the A.B.A. Department of Research in Mortgage and Real Estate Finance prepared veterans' home loan credit statement blanks to supplement the home mortgage application forms of the individual bank.

Samples of the new form have been mailed to all A.B.A. members, with a covering statement.

The department says that home mortgage application forms that do not provide sufficient borrower and credit information to enable compliance with the requirements of the act should be revised or supplemented with forms providing the necessary additional data.

A.I.B. Conference Heads Named for Convention

Four bankers prominent in banking education have been selected as leaders of departmental conferences which will be a feature of the 44th annual convention of the American Institute of Banking, which meets at Cincinnati, June 10–13, according to William C. Way, chairman of the Departmental Conference Committee, and trust officer of the Central National Bank of Cleveland.

Operations and Credits

Conferences on bank operations and credits will be held June 11, led respectively by C. Edgar Johnson, vice-president, First National Bank of Chicago, and George T. Newell, vice-president, Manufacturers Trust Company, New York.

Conferences on bank management and trust business are scheduled for June 12, led by J. Leroy Dart, president, The Florida National Bank, Jacksonville, and Felix Montano, trust officer, Hartford-Connecticut Trust Company.

Mr. Newell and Mr. Dart are past presidents of the Institute. Mr. Johnson and Mr. Montano have been members of the executive council.

21 Banks Join A.B.A.

Twenty-one banks from nine states and Canada and Guam became new members of the American Bankers Association during March. They are:

Alabama, The Citizens Bank, Enterprise.

Arkansas, Bank of Yellville.

Illinois, State Bank of Auburn; First National Bank of Cicero; Kempton State Bank; Farmers State Bank, Lostant; First State Bank of Monticello; Richview State Bank; City National Bank of Rockford; San Jose Tri-County Bank.

Iowa, Lee County Savings Bank, Fort Madison.

Louisiana, Livingston State Bank, Albany Branch.

Missouri, First National Bank, Clinton; First National Bank of Jasper; Bank of Overland.

Nebraska, Boelus State Bank.

New York, Bartow Leeds Co., New York.

Ohio, The Farmers State Bank, Fayette; First National Bank, Jewett.

Canada, The Royal Trust Company, Montreal.

Guam, The Bank of Guam, Agana.

Trust Division Holding Two More Conferences

Two annual regional trust conferences of the American Bankers Association, which were discontinued during the war period, will be resumed this year, James W. Allison, president of the Trust Division, and vice-president of the Equitable Trust Company, Wilmington, Del. They are the regional trust conference of the Pacific Coast and Rocky Mountain states, discontinued for the past four years, and the mid-continent trust conference, omitted last year.

The 20th Far West Conference will be held in Los Angeles, Aug. 7–9, at the Alexandria Hotel. Local arrangements are in charge of the Southern California Trust Officers Association.

The 15th Mid-continent conference will be held in Chicago, Nov. 7–8, at the Drake Hotel, with the Corporate Fiduciaries Association of Chicago as the host.

Bailey, Harl, Ayres and Bryson to Speak at Graduate School of Banking Seminars

Dr. Harold Stonier, director of The Graduate School of Banking, announces that the seminar speakers for the 1946 two-week resident session will include C. W. Bailey, vice-president of the American Bankers Association and president of the First National Bank of Clarksville, Tenn.; Maple T. Harl, chairman of the FDIC; Dr. Lyman Bryson, director of education, Columbia Broadcasting System; and Brigadier General Leonard P. Ayres, executive vice-president of The Cleveland Trust Co.

On three other evenings sessions will be held for informal discussion of several banking services and operational problems not covered by the regular curriculum, including such topics as safe deposit, operating costs, insurance, bank reserves.

J. H. Riddle, economic adviser, Bankers Trust Company, New York City, has been added to the list of new faculty members. He will lecture on subjects related to the public debt. Other new faculty members previously announced are: Falkner Broach, Harry C. Culshaw and Carl M. Flora.

The new or freshman class this year will consist of 270 men, the junior class 258, and the senior class 176, a total student body of 704.



C. W. Bailey



Lyman Bryson



J. H. Riddle



Maple T. Harl



Leonard P. Ayres

CONVENTIONS

American Bankers Association

May 27–28	Regional Savings and Mortgage Conference, Hotel Ft. Des Moines, Des Moines, Iowa
June 10–13	American Institute of Banking Convention, Hotel Gibson, Cincinnati, Ohio
June 17–29	Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
Aug. 7–9	20th Regional Trust Conference of the Pacific Coast and Rocky Mountain States, Alexandria Hotel, Los Angeles, California
Sept. 22–25	Annual Convention, Stevens Hotel, Chicago
Nov. 7–8	15th Mid-Continent Trust Conference, Drake Hotel, Chicago

State Associations

May 1–3	Illinois, Jefferson Hotel, St. Louis, Missouri
May 2	Delaware, DuPont Hotel, Wilmington
May 8–10	North Carolina, The Carolina, Pinehurst
May 9–10	Massachusetts, New Ocean House, Swampscott
May 9–10	Oklahoma, Skirvin Hotel, Oklahoma City
May 9–11	New Jersey, Marlborough-Blenheim Hotel, Atlantic City
May 14–15	Mississippi, Buena Vista Hotel, Biloxi
May 15–16	Ohio, Neil House, Columbus
May 16–17	Alabama, Jefferson Davis Hotel, Montgomery
May 16–17	Indiana, Claypool Hotel, Indianapolis
May 17–18	New Mexico, La Fonda Hotel, Santa Fe
May 20–22	Missouri, Jefferson Hotel, St. Louis
May 21–23	Texas, Galvez Hotel, Galveston
May 22–24	California, Hotel del Coronado, Coronado
May 22–24	Kansas, Kansas City
May 23–24	Tennessee, Hotel Peabody, Memphis
May 24	New Hampshire,* ** Hotel Carpenter, Manchester
May 24–25	South Carolina, Ocean Forest Hotel, Myrtle Beach
May 26–28	New York, Hotel Traymore, Atlantic City, N. J.
May 27–28	Maryland, Marlborough-Blenheim Hotel, Atlantic City, N. J.
May 28–29	Arkansas, Arlington Hotel, Hot Springs
June 3–5	Colorado, Stanley Hotel, Estes Park
June 4	Connecticut, New Haven Lawn Club, New Haven
June 7–8	Vermont, Woodstock Inn, Woodstock
June 10–11	Idaho,* Boise
June 12–13	Minnesota, Nicollet Hotel, Minneapolis
June 12–14	Pennsylvania, Bellevue-Stratford Hotel, Philadelphia
June 12–16	District of Columbia, The Homestead, Hot Springs, Virginia
June 13–14	Washington, Davenport Hotel, Spokane
June 15	South Dakota, Alex Johnson Hotel, Rapid City
June 16–18	Oregon, Hotel Benson, Portland
June 17–18	North Dakota, Gardner Hotel, Fargo
June 18–20	Wisconsin, Schroeder Hotel, Milwaukee
June 19–20	Connecticut, Farm Credit Conference, Litchfield
June 19–21	Kansas, University Clinic, University of Kansas, Topeka
June 20–22	Virginia, Cavalier Hotel, Virginia Beach
June 21–22	Utah, Grand Canyon National Park, Arizona
June 21–23	Maine, Poland Spring House, Poland Spring
June 24–25	Montana,** Canyon Hotel, Yellowstone National Park
June 24–25	Wyoming,** Canyon Hotel, Yellowstone National Park, Montana
June 27–29	Michigan, Grand Hotel, Mackinac Island
Aug. 12–17	New York in cooperation with New York State College of Agriculture, Agricultural School for Bankers, Cornell University, Ithaca
Sept. 9–11	Iowa, Hotel Ft. Des Moines, Des Moines
Nov. 8–9	Arizona, Tucson

Other Associations

May 8–11	American Industrial Bankers Association, Edgewater Beach Hotel, Chicago
May 15–17	National Association of Bank Auditors and Comptrollers, West Coast Region, Seattle, Washington
May 16–18	National Savings and Loan League Conference, Edgewater Beach Hotel, Chicago
May 20–24	Mortgage Bankers Association of America, Mortgage Bankers Farm Seminar, Lafayette, Indiana (in cooperation with Purdue University)
May 22	Savings Banks Association of New Jersey, Montclair Golf Club, Montclair
May 23–25	National Association of Bank Auditors and Comptrollers, Mid-Continent Region, Hotel Schroeder, Milwaukee, Wisc.
May 24	Savings Banks Association of New Hampshire,* ** Hotel Carpenter, Manchester
July 28–Aug. 10	Central States School of Banking, University of Wisconsin
Sept. 8–11	Savings Banks Association of Maine, Marshall House, York Harbor
Sept. 19–21	Savings Banks Association of Massachusetts, New Ocean House, Swampscott
Oct. 2–4	Mortgage Bankers Association of America, 33d Annual Convention, Netherland-Plaza Hotel, Cincinnati, Ohio
Oct. 7–10	Financial Advertisers Association, San Francisco, California
Oct. 14–16	Savings Banks Association State of New York, Chateau Frontenac, Quebec, Canada
Oct. 21–23	National Association of Bank Auditors and Comptrollers, Oklahoma City, Oklahoma

* Tentative ** Joint Meeting

CONTINENTAL ILLINOIS
NATIONAL BANK AND TRUST COMPANY
OF CHICAGO

COMMERCIAL BANKING

CORPORATE AND PERSONAL TRUST SERVICES

FOREIGN BANKING FACILITIES

UNITED STATES GOVERNMENT AND
MUNICIPAL SECURITIES

SAVINGS DEPARTMENT

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

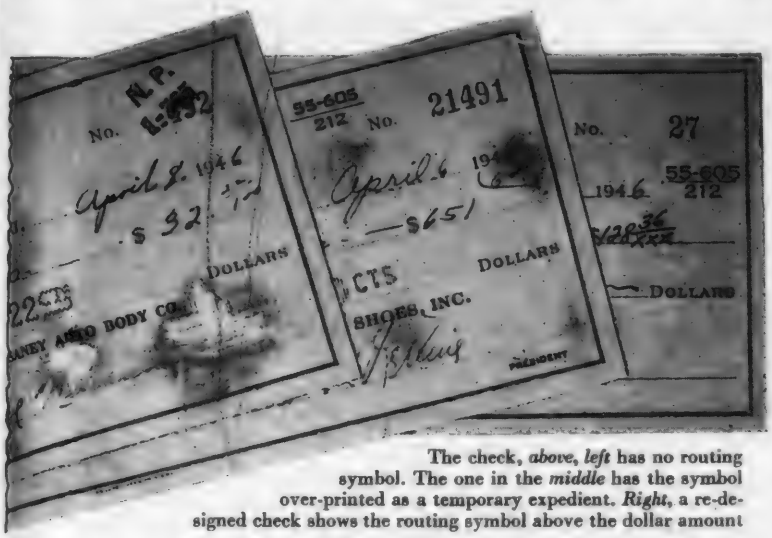
Methods and Ideas

Value of the Check Routing Symbol

VALENTINE WILLIS

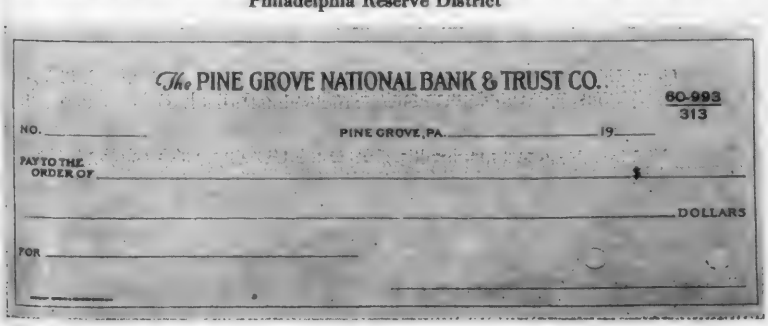
MR. WILLIS *is chairman, Committee on Collections of the Federal Reserve System, and vice-president of the Federal Reserve Bank of New York.*

AFTER years of study the American Bankers Association and the Federal Reserve banks in June 1945 jointly introduced a plan for new routing symbols to appear on all checks collectible at par through the Federal Reserve System. This plan was devised to enable banks to handle more expeditiously the ever-increasing volume of checks. The symbol is intended to speed up the collection of checks, to reduce the number of misrouted items and to facilitate the prompt return of unpaid items. It accomplishes these purposes by placing all the information needed to sort and list checks in a concise and easily interpreted form in the same location on every check. A booklet describing the plan and its purposes was sent to every bank in the country by the Association and each bank whose checks are collectible through the Reserve System was assigned its routing symbol by the Reserve bank of the district in which it is located.



The check, *above, left* has no routing symbol. The one in the *middle* has the symbol over-printed as a temporary expedient. *Right*, a re-designed check shows the routing symbol above the dollar amount

This check has the routing symbol in recommended size and location. The symbol "313" shows that the bank is in the Philadelphia Reserve District (3), main office (1), and that the check is acceptable for deferred credit (3). The last "3" also shows that the bank is in the third state in alphabetical sequence of the banks served by the Philadelphia Reserve District



All banks today, therefore, should be familiar with the new symbol which is appearing in the form of a fraction in the upper righthand corner of more and more checks. The numerator of this fraction is the bank's regular A.B.A. transit number and the denominator is a new number, the routing number, which enables transit clerks to tell at a glance in which Reserve district, branch territory and state the drawee bank is located and whether the checks will be accepted for immediate or deferred availability. To have this information uniformly located will obviously simplify the sorting and listing which takes place every time a check is handled in the process of collection.

When this program was launched, it was recognized that it might well be some time before it would be adopted universally. The end of the war and the release of critical materials, however, gave impetus to the plan, and the new routing symbol now appears on checks of more than half of the banks of the country. This extraordinary progress has been made possible by the cooperation of the banks, check printers and lithographers, and of many corporations which have their own checks privately printed. However, while the general outlines of the plan are understood and have been adopted in principle by most banks, it is still not clear that everyone concerned thoroughly understands the importance of the symbol to all banks, both large and small, and to their customers.

The volume of checks used in the United States has increased steadily in

(CONTINUED ON PAGE 121)

Methods and Ideas

Letters That Make Friends

WILLIAM H. BUTTERFIELD

The letter examples used in this article provide a framework suitable for use by most types of banking institutions. Several offer opportunities for the users to insert references to specific services provided by the bank. MR. BUTTERFIELD *is editor of the Better Letters Service of the National Retail Credit Association.*

SOME of the most effective and result-getting types of public relations letters are overlooked by the great majority of banks—even the more progressive banks. These are the letters that please recipients by showing a thoughtful, helpful interest on the part of the bank. These are the letters that supply the human touch.

Here are six types of personal letters which will fit into the public relations program of almost any bank:

(1) *Letter to bank patron on first anniversary of his account*

Dear Mr. Fitzgibbon:

Just a year ago today you opened your account at the First National Bank.

This seems an appropriate time to tell you how much we appreciate the confidence you have placed in us. If there is any way in which we can serve you more efficiently or more completely, please tell us what it is. We want your association with us to be always pleasant and satisfying.

We look forward to serving you for many years to come.

Sincerely yours,

(2) *Letter of thanks to persons who have visited bank to inquire about services or facilities*

Dear Mr. Simms:

This is just a note to thank you for your visit yesterday. I appreciated the opportunity to meet you and to show you through the bank.

As I mentioned during our conversation, it will be a pleasure to provide for you a complete and thoroughly efficient banking service. All the facilities of the Security National Bank are at your disposal, and we shall welcome the responsibility of handling any business you may entrust to us.

Sincerely yours,

(3) *Letter complimenting customer on prompt payment of loan*

Dear Mr. Norville:

It was a pleasure to serve you recently through our loan department, and we appreciate the splendid manner in which you fulfilled all the terms of our agreement.

We invite you to call upon us again whenever the loan department, or any other division of the Jefferson National Bank, can be of service to you. Whatever the occasion, you will find us happy to be of assistance in any way possible.

Sincerely yours,

(4) *Letter to a person who has recently called at bank to discuss opening a business in community*

Dear Mr. Hauser:

It was a pleasure to talk with you the other day about the business enterprise that you are thinking of establishing in Clarksville.

I feel that the prospects for its success in this community are extremely favorable, and I wish you the best of good fortune in the event you decide to go ahead with it. More than that, I invite you to call on the Liberty National Bank for any service we can render. We shall welcome an opportunity to cooperate with you.

Sincerely yours,

(5) *Letter of welcome to person establishing new business*

Dear Mr. Myles:

This morning I learned that you plan to establish an electric shop in Milburn within the next few months. I should like to extend to you a cordial welcome and best wishes for your success and happiness here.

If there is any service which the City National Bank can perform for you, doing so will be a pleasure. Our 52-year record of service to this community stands behind our reputation for complete reliability. It is also a source of pride with us that so many of the leading business houses of Milburn do their banking with the City National.

Please consider this a cordial invitation for you to call on us whenever we can be of assistance. I am hoping soon to meet you personally.

Sincerely yours,

(6) *Letter for mailing to all patrons on anniversary of bank*

Dear Mrs. Moore:

Today we are celebrating the 40th anniversary of the Kingston National Bank.

In reviewing our growth from the modest beginning of 40 years ago to the present organization of 67 persons, we express to you our sincere appreciation of your part in the progress of your bank.

Your confidence in the Kingston National, as expressed through your account with us, is a trust that we regard as both a compliment and a responsibility.

This 40th milestone, we believe, is an appropriate occasion on which to thank you for your friendship, and to assure you of our vigilant effort always to be worthy of it.

Sincerely yours,

Each of these specimens illustrates the effective use of a goodwill message in building better bank public relations. Several of the letters utilize situations that occur frequently, and are therefore suitable for use on numerous occasions. The brevity of the messages also makes their individual typing practical and simple.

Cordial notes of the types here shown can be written at small cost in time, effort, and money.



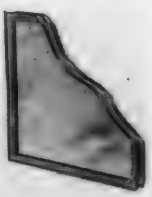
Walls of glass bring full measure of daylight indoors. Architect: George Fred Keck

Today's homes gain beauty and value through the practical use of Thermopane

REG. U.S. PAT. OFF.

People today look to large windows... even to window walls... to bring outdoor views and more daylight into their homes.

This long-felt need for larger windows is answered today... with *Thermopane*, L·O·F's transparent insulating unit. Composed of two or more panes of glass, separated by dehydrated air, *Thermopane* insulates against heat or cold, saves fuel, makes large light-transmitting windows practical for homes whose owners expect a long future of value and quality. For additional *Thermopane* information useful to your real estate department, write for our book. *Thermopane* is also available in Canada. Libbey·Owens·Ford Glass Company, 1856 Nicholas Building, Toledo 3, Ohio.



● *Cutaway view of Thermopane, the windowpane that insulates. The patented L·O·F metal-to-glass Bondermetic Seal bonds the panes of glass into a single unit, guards against dirt or moisture entering the dry air space.*

L/O/F LIBBEY·OWENS·FORD
a Great Name in GLASS

Methods and Ideas

Window Displays Sell Travel Services

DURING the "outdoor months," the banker is going to sell more travel. By doing so he expects to sell travel savings accounts, travelers' checks, and (if he conducts a travel department or service) train, bus, steamer, air reservations or conducted tours.

This will bring into play the bulletin board method of displaying scenic photographs. It is still the bulletin board method when pictures are mounted on frames or panels.

This bulletin board method is less effective when photographs, mounted or unmounted, are spread flat on the show window floor. Such an arrangement may be passably acceptable for the front row of prints, but other rows of the display should gradually rise until the top eye level of four to five feet above the sidewalk paving is reached.

Depth to a window display of photographs can be obtained, when the prints are 8" x 10" or larger, by omitting them from the foreground. Instead, they are grouped in elevated positions from the center to the rear, with the front half concentrating on several travel services, from savings accounts to trip reservations.

You can lead the eye by indicating a direction or directions it should take. The trick with this type of presentation is to run a decorative streamer from each photograph. The streamers start from a different rear location and terminate somewhere down in front. The effective outcome is a fan-wise spread of streamers, with a crisply-worded sign at the front end of each.

FRANKLY, the banker flatters himself when he considers that if he places photographs among the travel services, potential travelers will look at both. The photographs may be superb, but the traveling public has much competition for its eyes while it walks along city streets.

Furthermore, many scenic photographs are devoid of human interest. They may show a waterfall, ocean beach, a forest, a mountain, a beautiful lake — and that's all. People doing things with evident enjoyment against these backgrounds are lacking.

Even the commonplace incidents of travel make photographs more appealing. The plain scenic type of picture is "10 a penny" among astute magazine editors. The addition of a pretty girl wading in a pool below the waterfall, a camper cooking bacon on a green twig over a campfire in the forest clearing, or a native doing something expected of him, transform many a scenic into a rich bit of human interest.

Even when the utmost imagination is applied to it, the bulletin board is a very elemental form of display. Showmanship in the display of photographs is a combination of several features, not necessarily introduced in the same display. The foremost of these features are, in the order named, color, lighting and atmosphere.

ONE type of visualization combining all three features is good for innumerable variations. This is a shadow box at the rear center. Bordered with, say, a simulated gilt picture frame, and draped inside in harmonizing colors, it provides a commanding setting for a worth-while human interest travel photograph. The right spotlighting brings out the highlights of the scene and the photograph acquires a three-dimensional effect. If the show window is shallow, it is made to appear deeper. Then comes the captioning of the photograph in this wise:

"What Do You Need for Going-Away? — A Loan? Travelers' Checks? Trip Reservations? Come in for a Consultation."

The above does not, by any means, exhaust the possibilities of the shadow box treatment. We saw a version of it recently centered on a miniature stage. Occupying the main part of the stage was a colored photograph of a dogwood grove in flower at a state park, with a happy family picnicking on the rich green grass. Their car was on the side of the road.

IT would have been possible, by an animated device, to have had the curtain close and re-open at intervals, and perhaps, too, a change of photographs.

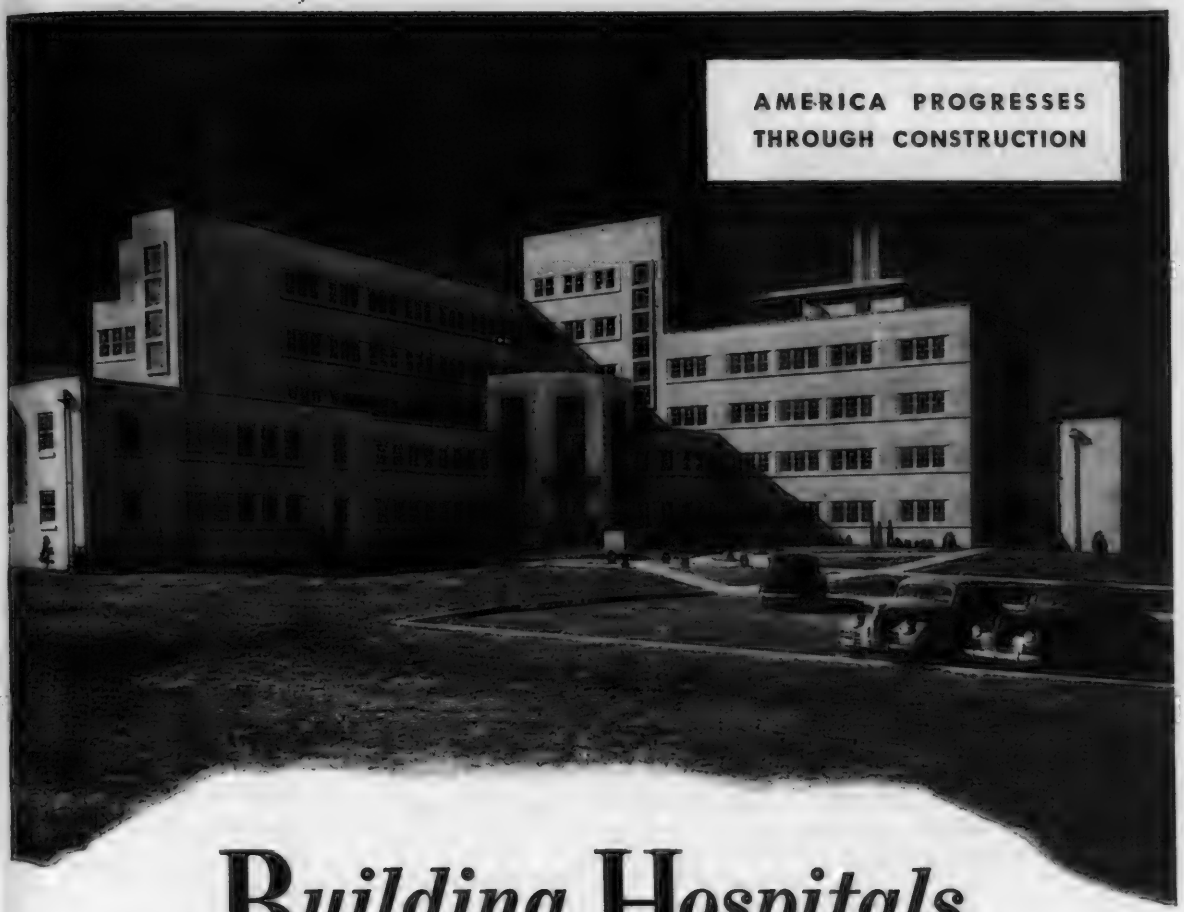
Still another dramatic ally is the photographic blow-up. Its size commands attention, plus the fact that no other photographs compete for attention.

The banker may wonder where he can obtain suitable pictures at low cost or for nothing. Among his customers should be some advanced amateur photographers who could no doubt be prevailed upon to lend prints from which enlargements could be made at small cost. Travel agencies and bureaus are other sources of supply.

ERNEST A. DENCH

"Get everybody off. The Association of Railroad Passengers just called a strike!"





Building Hospitals

BUILDS WEALTH THROUGH HEALTH

THIS country needs from 1500 to 2000 new civilian hospitals and 2700 health centers, the U. S. Public Health Service reports. This need is emphasized because approximately 1200 counties, with a population of about 15,000,000 have no hospitals within their boundaries. The cost of supplying these National health needs would amount to more than $2,000,000,000

In addition, the Veterans' Administration program calls for the construction of 77 new hospitals. The cost of these hospitals, together with additions and improvements to the 106 existing veterans' institutions, will be $448,000,000.

These civilian and veteran hospital facilities deserve the best in planning and execution. A. G. C. contractors have the skill, integrity and responsibility to construct these health projects of highest quality with maximum efficiency and economy. They are pledged to sound business principles exemplified by the A.G.C. emblem.

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
SKILL INTEGRITY RESPONSIBILITY
REG. U.S. PAT. OFF.

This advertisement is No. 6 of this series

THE ASSOCIATED GENERAL CONTRACTORS *of* AMERICA, INC.

More Than Ninety Branches and Chapters Throughout America
National Headquarters—Munsey Building, Washington 4, D. C.

SKILL, INTEGRITY AND RESPONSIBILITY IN CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS, AIRPORTS AND PUBLIC WORKS

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, MARCH 30, 1946

RESOURCES

Cash and Due from Banks	$ 875,762,967.03
U. S. Government Obligations	2,960,277,204.87
State and Municipal Securities	113,591,019.24
Other Securities	156,235,486.10
Loans, Discounts and Bankers' Acceptances	1,315,612,455.72
Accrued Interest Receivable	14,040,396.40
Mortgages	7,604,937.84
Customers' Acceptance Liability	8,690,632.43
Stock of Federal Reserve Bank	7,500,000.00
Banking Houses	33,646,673.40
Other Real Estate	2,898,479.16
Other Assets	2,650,390.61
	$5,498,510,642.80

LIABILITIES

Capital Funds:		
Capital Stock	$111,000,000.00	
Surplus	139,000,000.00	
Undivided Profits	56,792,459.41	
		$ 306,792,459.41
Dividend Payable May 1, 1946		2,960,000.00
Reserve for Contingencies		14,108,415.33
Reserve for Taxes, Interest, etc.		17,201,323.87
Deposits		5,140,086,545.25
Acceptances Outstanding	$ 10,557,865.65	
Less Amount in Portfolio	1,026,365.49	9,531,500.16
Liability as Endorser on Acceptances and Foreign Bills		130,376.61
Other Liabilities		7,700,022.17
		$5,498,510,642.80

United States Government and other securities carried at $1,398,010,096.94 are pledged to secure U. S. Government War Loan Deposits of $1,080,690,772.86 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

BRIEFLY TOLD

JOHN J. McCANN

Salute

HERE'S something many of the big banks may experience as the blue stars of service flags are bleached white at the "separation" centers. Just recently 310 ex-GI's of the FIRST NATIONAL BANK (Chicago) staff organized the First-Chicago Post No. 985 of the American Legion. The initiation and installation ceremonies were staged in the main banking lobby with Clarence Harper, chairman of the State Ritual Committee, officiating; and Perce Brautigam, past Cook County commander, serving as installing officer. The bank's 50-piece orchestra and choral club of 75 voices provided an inspiring note. The new post, under the command of John S. Gleason, Jr., plans active work in welfare, Americanism, veterans' rehabilitation, and other Legion projects. In time, it hopes to list on the rostrum all of the 567 FIRST NATIONAL employees who have served in the armed forces.

Bullet Proof

The ability of crystal-clear bullet-proof laminated glass to turn back shots fired from point blank range was dramatically demonstrated at the OKLAHOMA NATIONAL BANK, Oklahoma City, in a test staged by bank officials and the local law enforcement agencies.

The test was made on a large section of glass serving as the drive-in window of the bank. Standing approximately 20 feet from the window Sheriff George Goff used several types of firearms in demonstrating the bullet-resisting characteristics of the glass.

First one used was a .45 Reising submachine gun. Four shots were stopped. Next the sheriff used eight steel-jacketed bullets. These merely penetrated the outside lamination of the glass and had no effect on the succeeding laminates. Then he used a .357 Magnum revolver—the equivalent power of a long-range rifle. This shot, penetrating slightly further than the others, cracked the first three laminations, but did not go through the unit. In all, 13 shots were fired and not one did more than crack the glass.

The glass is made of three to five layers of polished plate, laminated with interleaving sheets of strong plastic substance. The unit is cemented together by the application of heat and pressure. It was used extensively on fighter and bomber planes during the war.

The drive-in window of the Oklahoma National Bank, Oklahoma City, resisted 13 shots



Miniature Kitchens

The PEOPLES-PITTSBURGH TRUST COMPANY (Pennsylvania) possibly scores a *first* in the consumer credit field by adopting miniature displays of household appliances in its merchandising program. A model kitchen about one by two feet—complete with sink, stove, refrigerator, dinette set, even fruit bowl, flower pot and telephone all in precise scale—attracted so much attention at the main office that eight duplicate models have been ordered for branch offices. These units give the prospective buyer-borrower a bird's-eye view of kitchen planning. The bank dramatizes the display with special backdrops promoting PEOPLES' time plan. In support of this program is a strong newspaper, billboard and street car campaign.



The Denver (Colorado) National Bank features this eye-stopper to promote FHA modernization loans

Model Village

This Summer the FARMERS AND MERCHANTS SAVINGS BANK OF MINNEAPOLIS will sponsor the Penn Model Village—a home building exhibit of some 30 dwellings to be constructed on two city blocks from Penn Avenue South to Newton, and 57th to 58th Streets. The homes will feature the latest and most practical ideas in construction techniques, layout, materials, decorations and home appliances. Local architects are now preparing plans and specifications; construction will get under way as soon as materials are available. To meet GI priorities, each house will be under $10,000. (See photo, page 58.)

The public will be invited to examine and study these homes while under construction for they are to provide an object lesson in modern planning. Upon completion, the homes will be sold

(CONTINUED ON PAGE 81)



Burroughs machines are used extensively by the Harris Trust and Savings Bank, Chicago—one of thousands of banks listed as satisfied Burroughs users.

1st Burroughs

IN MACHINES
IN COUNSEL
IN SERVICE

For more than fifty years, Burroughs has worked in close, continuous association with business men everywhere in helping them solve their figuring and accounting problems. The experience gained through this long association explains, in part, Burroughs' recognized ability to analyze office procedures and requirements . . . to make practical, carefully-thought-out recommendations . . . to select, install and apply the machines and methods that provide maximum accuracy and efficiency at minimum expense. This experience, plus Burroughs' continuing program of new machine developments to meet ever-changing business needs, is an important reason why you see Burroughs machines wherever you go.

BURROUGHS ADDING MACHINE COMPANY • DETROIT 32, MICHIGAN

FIGURING, ACCOUNTING, STATISTICAL AND CASH REGISTERING MACHINES • NATIONWIDE MAINTENANCE SERVICE • MACHINE SUPPLIES

exclusively to veterans of World War II. The entire development has already been taken by members of the bank staff and their friends.

The site was purchased by Penn Model Village, Inc., from the state for taxes and a unique plan for development has been devised by consulting landscape architects. Each lot will have a frontage of 80 feet or more. Winding lanes will cut down traffic accidents. There will be no alleys or back door driveways; the space between homes will afford quiet and attractive areas for gardening and outdoor living.

A scale model of the development was recently exhibited by the bank at the Builders' Show at the Minneapolis Auditorium.

How Banks Work

The UNION TRUST COMPANY of Pittsburgh has launched an unusual institutional advertising campaign to run in local newspapers throughout 1946 on a weekly basis, and in two financial newspapers on a monthly schedule.

The campaign spotlights the services of banking in general to the community. A public relations job, it explains banking principles not generally recognized or understood by the public. Ads relate the commercial bank to the life and activities of the community in terms of employment, wealth, and industrial growth. A pictograph technique of presenting facts is used in each, and copy talks in lay terms.

Exposition

Mid-American Exposition, a gigantic industrial exposition is scheduled for Cleveland, Ohio, from May 23 through June 2. Public Hall and all local exhibition halls will be turned into a massive show window where a display of postwar commercial and home products will be spotlighted during the 11-day showing.

Mid-American Exposition is expected by its sponsors, leading banking, business, industrial, labor and civic groups of Cleveland, to become one of the greatest annual industrial expositions in the country. Its purpose is to focus national and international attention on the region's industries, craft skills, engineering resources, diverse production, research facilities, advertising, selling and distribution facilities.

The exposition, expected to draw upwards of a quarter of a million people this year, will have no geographical fences. Generally, however, the exhibitors are invited from a region staked out by Detroit, Cincinnati, Pittsburgh



STATEMENT OF CONDITION

March 30, 1946

RESOURCES

Cash and Due from Banks		$ 297,336,742.97
U. S. Government Securities	$1,170,681,234.36	
State and Municipal Securities	37,504,221.26	
Other Bonds and Securities	11,248,941.47	1,219,434,397.09
Loans and Discounts		227,926,002.56
Earned Interest Receivable		4,556,955.69
Customers' Liability under Acceptances and L/C		797,407.17
Bank Premises		5,146,297.63
Vaults, Furniture and Fixtures		1,178,443.96
Other Assets		145,205.87
TOTAL		**$1,756,521,452.94**

LIABILITIES

Capital	$24,000,000.00	
Surplus	26,000,000.00	
Undivided Profits	22,000,000.00	$ 72,000,000.00
Reserves for Contingencies, Interest, Taxes, Dividends		10,945,749.29
Interest Collected—Unearned		643,827.85
Acceptances and Letters of Credit Liability		797,407.17
Other Liabilities		142,338.56
Deposits—Time	$ 577,969,485.90	
—Demand	1,094,022,644.17	1,671,992,130.07
TOTAL		**$1,756,521,452.94**

United States Government and other securities carried at $259,732,780.01 are pledged to secure U. S. Government War Loan Deposits of $217,045,304.45 and other public funds and trust deposits and for other purposes as required or permitted by law.

MANAGING COMMITTEE

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Chairman Board of Directors

GEORGE M. WALLACE
President

JAMES E. SHELTON
Chairman Executive Committee

L. W. CRAIG
Vice President

CHESTER A. RUDE
Vice Presidents

C. T. WIENKE
Vice President

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORP.

120 OFFICES AND BRANCHES



EVERY Banker

who advises customers should read this timely book NOW

DOES BUSINESS face another epidemic of failures and credit losses . . . as it did after World War I? No one knows . . . but you can show your customers how to protect their own (and your) interests immediately.

Write today for a free copy of "CREDIT LOSS CONTROL" . . . a book that can mean the difference between profit and loss for some of your customers . . . in the months and years of uncertainty that lie ahead.

This book shows how business failures multiplied after World War I . . . how the transition from a war-supported economy to peacetime competition wiped out many companies . . . how American Credit Insurance prevented disaster for many policyholders during that hectic period of strikes, inflation and readjustment.

These and other facts in the book show you why thousands of banks now recommend American Credit Insurance to their customers. And many banks go beyond that . . . **they demand this added protection in granting loans.**

American Credit Insurance GUARANTEES PAYMENT of your customers' accounts receivable for goods shipped . . . **and this protection now can be extended without charge to include your bank as a named assured.** This insurance is added collateral on your commercial loans.

If ever there was a time when customers needed your advice, **it is now.** Without obligation, write today for a copy of "CREDIT LOSS CONTROL" to: American Credit Indemnity Company of New York, Dept. 45, First National Bank Bldg., Baltimore 2, Md.

J. E. McFadden
PRESIDENT

53rd Year
AMERICAN CREDIT INDEMNITY COMPANY of NEW YORK
1893 1946

American Credit Insurance

Guarantees Payment of Accounts Receivable

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA



HARRIS AND EWING

N. E. Dodd, *right*, takes the oath as Under-Secretary of Agriculture, administered in Washington by Judge of the Court of Claims Marvin Jones

and Buffalo, with Cleveland as the "capital."

The show will not be confined to any particular industry or group of industries, but will represent every type of industry in the region with a new, old or interesting product or manufacturing process.

The aim of the sponsors is to reach the scope of annual fairs at Toronto, Canada; Manchester, England; and, before the war, Leipzig, Germany.

Mortgage Merchandising

Supplementing its regular home financing plans, three new home loan plans tailored to meet the individual needs of various types of borrowers are now offered by CALIFORNIA BANK, Los Angeles:

The "Home Security Plan" provides for small monthly payments in addition to the regular monthly payments for one year, two years or more at the option of the borrower, in order to build up a security fund to cover regular amortization payments during times of emergency.

The "Payment Reduction Plan" automatically reduces the amount of monthly payments every two years, and the "Postwar Adjustment Plan" requires payment of interest and taxes only during the first three years of the loan.

According to Vice-president H. J. Mendon, leading real estate loan operations, the bank also offers an "Additional Loan Plan" under which borrowers have the privilege, under certain conditions, of obtaining additional sums at various times without making an entirely new loan.

FHA financing is suggested by Mr. Mendon as the ideal medium for financing new home construction and can be used to excellent advantage in financing the purchase of existing homes.

A booklet describing the features of the foregoing tailored mortgage loans is being issued to prospective builders and buyers in the Los Angeles area.

Stork Loans

The old wheeze about the stork being a bird with a long "bill" finds ample proof on loan applications. The INDUSTRIAL NATIONAL BANK of Detroit makes a sound issue of it by featuring stork loans—a guarantee that at least the financial problem will be painless. Says Bert Meisel, director of public relations: "Our records show that we loan from $600,000 to $750,000 each year for doctors and hospitalization expenses—a certain percentage of which are doubtless maternity cases. However, when we learned that more than 100,000 servicemen were being returned to the Detroit area, we merely anticipated the obvious result and wanted to get their minds at rest on this score."

This bank aims its advertising copy at specific loan needs, and these are based on statistical reports. Says Mr. Meisel, "Yes, we try to take care of all the people's needs. In this instance, even going back of the cradle and providing a safe place for the widow's income." Or, we might say, giving banking service all the elasticity of the "two-way stretch"—before the cradle and after the grave.

Promoting Air Travel

The NATIONAL CITY BANK of Cleveland has issued an interesting pamphlet through its travel bureau entitled, "Airline Information," showing routes and time schedules of the four principal lines converging on Cleveland—American, Eastern, PCA and United. Received with great enthusiasm by the airlines as evidence that the bank is very much on the ball in promoting air transportation, the bank expects the piece to do a good selling job.

Good Neighbors

The BANK OF MONTREAL, Canada, woos goodwill among our Latin and South American neighbors with a specially printed broadside, printed in Spanish, giving pertinent facts on the bank's resources, services, and statement of condition; and inviting inquiries on products and services, and industrial and commercial opportunities in the Dominion.

Tag

One of the most potent, and possibly one of the most obscure tools in the consumer credit kit is the little disc of

(CONTINUED ON PAGE 86)

"Friden Features... make my job easy!



There's a difference in calculators...operate a Fully Automatic Friden and you'll discover how effortlessly you can produce *accurate, useful answers* for all types of Figure Work problems. Just ask your local Friden Agency for a demonstration of these exclusive Friden Features...on your own work."



Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canad

FRIDEN CALCULATING MACHINE CO., INC.

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA, U. S. A. • SALES AND SERVICE THROUGHOUT THE WORLD

Time is a Banking Asset

IBM

IBM Clock **provides the entire bank with the same accurate time—accurately coordinated through every department by the Master Time Control.**



OFFERS BANKS



Attendance Recorder provides accurate, legible employee attendance data.



Time Stamp provides proof of time of receipt of important documents.



Recordolock provides a record of the locking and unlocking of doors.

NEW, PERFECTED TIME CONTROL EQUIPMENT

Accurate control of time is essential in banking.

From the opening of the bank to the closing and locking of the building's doors, practically all banking operations are based on the factor of time.

The services rendered by banks to their customers both take time and are involved with timing. Stock Exchange dealings, receipt and payment of notes, opening and closing of vaults are but a few of a bank's functions which are dependent on knowledge of accurate time.

Staff-wise, too, maintenance of time records for efficiency as well as payroll purposes is valuable.

An IBM representative will be glad to give you full information about the advantages of coordinated time control through the use of IBM Time Control equipment.

IBM

TIME RECORDERS AND ELECTRIC TIME SYSTEMS

Electric Punched Card Accounting Machines—Electromatic Typewriters

INTERNATIONAL BUSINESS MACHINES CORPORATION

World Headquarters Building, 590 Madison Avenue, New York 22, N. Y.

cardboard identifying the instalment cost of goods on display. There's an infinite variety in banking's collective kit, but here's one which strikes us as being especially appropriate. Why? It is round—less apt to bend or crinkle at the edges. It features essential information, quickly identifying the MARINE MIDLAND TRUST COMPANY of Buffalo by its widely publicized ship emblem and the "Midland Time Plan" trademark. The bank merchandises this ticket in all consumer credit advertising. The ideal way to tie-in identification.

More Samples

The FIRST NATIONAL BANK of Meadville, Pennsylvania, puts the new issue FDR dime to work selling bank loans. Tacked to a mailing card the free sample gets attention for this message: "This is a free sample of our merchandise. If you need more you can get it here . . . at low bank interest."

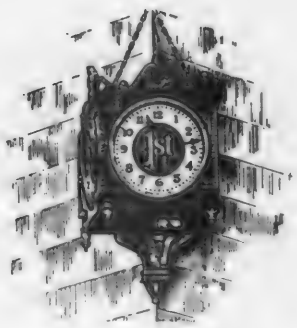
Bulletin

The STATE-PLANTERS BANK AND TRUST COMPANY, Richmond, Virginia, has launched a consumer credit bulletin —"Items Unlimited"—directed to dealers and distributors, and to area banks participating in the National Sales Finance Plan. Editorially this organ will report on wholesale or floor-plan financing, solicitation of business, plans, credits, collections, etc. In general, it will pose as a medium of regular contact covering pertinent information and developments.

Pension Plan

The FIRST NATIONAL BANK of Memphis announces a pension and insurance plan for officers and employees creating a lifetime income at the retirement age of 65, or an insurance estate if death occurs at an earlier age.

The plan, managed by a pension committee appointed by the board of directors, provides for the establishment of a trust fund which utilizes the medium of a recognized legal reserve life insurance company to furnish the life insurance protection and retirement annuities for participants. Each policy contains a conversion feature and funds, actuarially determined annually, concurrently accumulated to provide the necessary premium to convert the ordinary life policy to a retirement annuity as each insured employee reaches the retirement age. Pension benefits are determined by salary and years of service. Generally speaking, the plan is expected to provide (up to the maximum of $250 monthly) an income which, when added to the individual's social security benefits, will total approximately one-half the annual salary. Life insurance cov-



"First" for Banks

FOR more than 80 years promptness, efficiency, and friendly contacts have characterized The First National Bank of Chicago relationship with correspondent Banks.

These qualities have been developed by an intimate knowledge and appreciation of the problems and the needs of out-of-town banks. How successfully The First of Chicago has met the requirements of correspondent banks is attested to by the ever increasing number of banks that take advantage of the complete facilities available to them at The First.

Your bank is cordially invited to make this bank your Chicago correspondent.

The First National Bank of Chicago

Growing with Chicago and the Nation Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Nickolai V. Novikov, appointed by USSR to succeed Andrei A. Gromyko as ambassador. Gromyko will devote full time to U. N. Security Council

HARRIS AND EWING



erage will be based on a schedule of $1,000 insurance for every $10 of monthly pension. Thus, an employee looking forward to a pension of $75 per month, for example, would, upon prior death, be covered by $7,500 life insurance.

The bank bears the entire cost of the plan. Commenting on this feature, President Norfleet Turner, says: "We want every member of the staff who has given us his best years to have this protection and without the burden of additional expense to him. It is simply our way of saying that we appreciate what he has contributed toward the growth and success of this institution."

Artistic Advertising

CALIFORNIA BANK advertising material was chosen by The Art Directors Club of Los Angeles to be shown at its first annual exhibition and was the only financial advertising exhibited in the 1946 show. The material, which included five newspaper ads, one folder and one manuscript cover, was prepared under the direction of Rod Maclean, advertising manager.

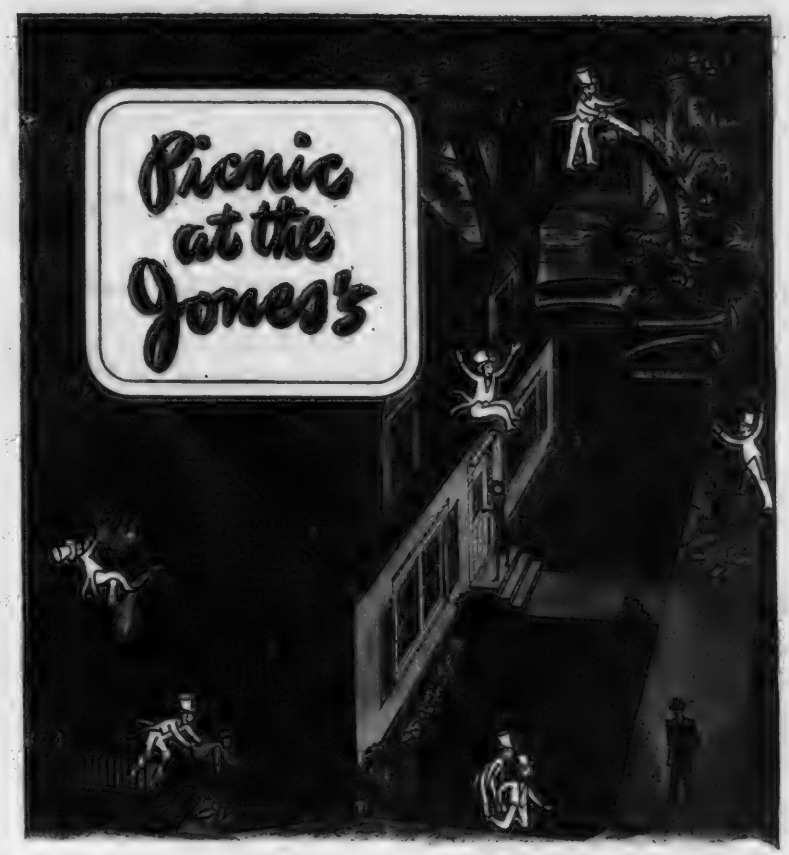
On Parade

The BAYSIDE NATIONAL BANK, Bayside, (L. I.), New York, has a new thought in dramatizing industrial displays. A series of panels set directly over the main bank entrance is being used to show the transition of local industrial plants from war to peacetime

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Finland: All owners of large banknotes were required to cut them in two, left half to be used as legal currency, right half surrendered to the State Bank as a loan, as part of reform of financial conditions aimed at stabilizing currency





THE JONESES returned home to find that not a few uninvited guests had been around, having a grand time at the Jones's expense. Many distressing things had happened, the fault of those playful marauders who, in the guise of loose steps, falling branches, slippery walks or a maid's loss of balance, devote 24 hours a day to causing injuries.

Think how much financial loss and personal embarrassment the Joneses could have saved themselves by having our Comprehensive Personal Liability Policy! It protects up to $10,000 for each accident or occurrence, defends against lawsuits, pays damages assessed against the insured or members of his household, and medical expenses up to $250 for each injured person not residing on the premises. And, equally important, it offers the same protection away from home! *All this for less than 3 cents a day.*

Ask our agent or your broker about this inexpensive year-round policy today.

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY
100 BROADWAY, NEW YORK 5, N. Y.

goods. The first display featured, for example, Sylvania Electronics, showing old and new types of lighting.

The current display sponsored by the Techna Company, plastic manufacturers, shows typical war products—radio dials, parts of radar equipment, plastic cups which hold gasoline jelly in incendiary bombs—contrasted by peace goods of plastic jewelry, knife handles, radio cabinets, ladies' compacts and other products.

The position of these display panels over the main entrance guarantees attention and interest.

"Business Booms and Depressions"

THE NATIONAL BANK OF COMMERCE of Chicago each year mails a long-range business chart, "Business Booms and Depressions Since 1775." The chart for 1946 (45 inches wide) added two timely subjects, wages and postwar industry. The bank has received many requests for its charts.

"Eliza House" Memorialized

THE RIPLEY (Ohio) NATIONAL BANK is memorializing the famous "Eliza House" by using a picture of the building in the upper left corner of customers' checks. This house, home of Rev. Calvin Rankin, was an important underground railway station before the Civil War. Here "Eliza" found refuge after her sensational flight from "Simon Legree" and his baying bloodhounds, according to "Uncle Tom's Cabin." The house has been taken over by the Ohio State Archaeological and Historical Society as a state shrine.



WIDE WORLD

Money exchange in Tangier, Morocco. In this amazing city of many tongues, money exchange is big business. Dealers trade in dollars, pesetas, escudos, francs, and other units, shouting their odds and evens to passers-by like bookmakers in horse racing. An "exchange" consists of a desk, a blackboard and some chalk. They line both sides of the main street of the city

Loan Symposiums

To study present-day opportunities for making commercial loans, a series of four symposiums were sponsored by officers of CENTRAL NATIONAL BANK OF CLEVELAND in its banking quarters. More than 100 bankers from Ohio cities attended.

The first of these all-day group meetings to facilitate the interchange of ideas and methods and to advocate aggressively, loans by Ohio banks for Ohio industries, was held in 1944, the second in 1945.

Meetings were planned to accommodate about 25 bankers each so that free discussion might be brought out and the greatest benefit obtained. Discussions covered commercial loans, real estate loans, GI loans (home and business), small business loans and consumer credit.

Ticker News

A Dow-Jones news ticker has been installed in the main lobby of THE FRANKLIN SQUARE NATIONAL BANK, Franklin Square, New York.

"We believe," said Executive Vice-president Arthur T. Roth, "that through the wide scope of this news service we will be able to keep our customers, business men, builders, dealers, etc., in-



Worldwide Correspondent Connections

The banking and correspondent connections of Mercantile-Commerce cover all large cities of the United States and include the principal cities abroad where exchange facilities exist. Through our network of correspondent relationships, accurate credit and banking information is readily compiled and quickly made available.

Mercantile-Commerce can thus render a valuable information service to all of its correspondents... items are handled efficiently... inquires promptly and authoritatively answered... seldom is an intermediary necessary.

The range and quality of our connections has long been a distinguishing feature of Mercantile-Commerce service.

MERCANTILE-COMMERCE
Bank and Trust Company
ST. LOUIS 1 MISSOURI
LOCUST-EIGHTH-ST.CHARLES
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

formed on the latest developments in their particular fields even before the news appears in the daily newspapers, and thereby enable them to act quickly to prevent costly expense and delay which might bring about financial difficulties in their own business."

Bank "Chit-Chat"

The CHITTENDEN COUNTY TRUST COMPANY of Burlington and Alburg, Vermont, distributes to customers and prospects a printed house organ, "Chit-Chat," a monthly digest of news and views "concerning your business — and ours."

Suggested and created by the bank's advertising agency, the little newspaper is mailed monthly. Its three-fold purpose, says Harrie V. Hall, vice-president, is to humanize the bank and its personnel, to stress the bank's part in community progress, and to maintain employee esprit de corps.

One column is devoted to an editorial on a topic of current interest, another to news about the banks (including staff personals), and the third to brief sketches of officers and directors. Each sketch is illustrated with a wash portrait.

Changing Styles

Here are a few leaves from the notebook of one of our good correspondents who recently attended an important session on public relations:

Bankers' ideas as to what constitutes good public relations are also subject to frequent change. At an FAA convention only five years previously, the majority of commercial banks present indicated opposition to the idea of no-minimum-balance checking accounts. At this year's convention, not a single representative raised his hand at the commercial bank session when the chairman asked how many banks had not installed some form of special checking department.

❦

Buffalo, (N. Y.), and Louisville, (Ky.), and Quincy, (Mass.) bankers told of holding meetings of depositors where cocktails were served, yet liquor at such meetings was taboo only a few years ago. It would have caused criticism from local churches.

❦

A banker from Pascagoula, Mississippi, said that in his bank, coffee is served from 10 to 10:30 each day. Not to be outdone, a Baton Rouge banker admitted serving coffee all day to depositors as a prominent part of his bank's public relations program. A Des Moines bank spends several thousand dollars a year to send flowers to depositors to recognize births, illness, accidents and deaths. "Finest thing we ever did," said an officer of the bank.

❦

Music in banks is a comparatively new development, but a showing of many hands indicated that background music is growing by leaps and bounds. Banks in Philadelphia and New York after two years experience reported that it is so popular with the public that they wouldn't give it up. A Union City, New Jersey, bank president went so far as to say that the installation of music was the best public relations idea his bank had ever adopted. To test the public reaction, cards were placed on counters and depositors were invited to express themselves in favor or opposed to music in the banking room. They voted, just as the employees had, as overwhelmingly in favor of the music.

❦

An outstanding public relations move of a smaller bank was the reported "bank



Long Distance is catching up too

More Long Distance calls go through as you hold the wire. Long delays are fewer.

The service is getting better, but we've still got a good way to go before we get back to pre-war service.

Once we catch up with that, we'll keep right on going and try to make the record even better.

BELL TELEPHONE SYSTEM

on wheels," a de luxe trailer "branch," which provides a regular schedule of banking service to towns situated within a 25-mile radius of the sponsoring bank, the RUMFORD FALLS, (Maine) TRUST COMPANY.

To build goodwill with the left-handed public, a Fort Wayne, (Ind.) bank supplies specially designed left-handed check books with the stubs on the right. Its publicity story, believe it or not, was illustrated through the efforts of a left-handed photographer.

New Haven (Conn.) banks, recognizing the value of good public relations, have joined together in conducting a public opinion survey followed by the employment of public relations counsel. One of their cooperative projects is a Veterans' Information Center in charge of a World War II veteran.

Many banks at the FAA meeting reported special efforts to serve the returning veterans particularly in job placement efforts. Highland, (Ill.) South Bend, (Ind.), and Pascagoula, (Miss.) banks, in particular, told of their special veterans service departments to help these veterans. Genuine appreciation has been expressed.

For 73 years 1872 1946 Rand McNally has been serving the banks of America. The Rand McNally BANKERS DIRECTORY (the famous Blue Book) was first published in 1872 and has been practically the bankers' bible ever since. The KEY to the Numerical System of the American Banking Association with Check Routing Symbols has been published by Rand McNally since 1911. Rand McNally SAVINGS CLUB and COLLECTION SYSTEMS were introduced in 1938 and were quickly adopted by hundreds of profit-minded $ $ $ banks. And BANKERS MONTHLY, the Rand McNally magazine designed to help banks make money, has been welcomed by officers PRESIDENT VICE PRESIDENT SECRETARY CASHIER and key employees in banks all over the country since 1883. Every day MON. TUES. WED. THUR. FRI. SAT. practically every bank in the country depends in some way on Rand McNally accuracy, experience and service.

RAND McNALLY & COMPANY
536 SOUTH CLARK STREET CHICAGO 5, ILLINOIS

"Inflationary Mortgaging"

The article "Inflationary Mortgaging" in our April issue (pages 71 and 72) doubtless confused many readers, and for a very good reason. The captions for the charts at the top of page 71 and on page 72 were transposed. Also, the text references to the charts were inaccurate and therefore confusing.

Another Union City (N. J.) bank reported that the broadcasting of a play-by-play description of a local high school football game brought hundreds of appreciative responses.

Many banks reported the free distribution of post cards with pictures of the bank building. A Dallas (Tex.) bank distributes approximately 1,500 each month.

In Omaha (Neb.), a bank makes effective use of blotters during the football season, by distributing thousands on which the local high schools' annual football schedules are printed.

This same bank directs a large part of its public relations efforts to the school children. Each year a bank officer addresses all eighth grade pupils, invites them to visit the bank and explains many of the things they will see. On their visit, they are permitted the thrill of handling a thousand dollar bill. Each witnesses the bank's fingerprinting system, but the crowning touch occurs when they hand each pupil a financial statement of the bank with the impression of the pupil's fingerprints on the back.

Edward H. Foley, Jr., New York City, selected by President Truman to be Assistant Secretary of the Treasury, replacing Herbert E. Gaston, who resigned recently

HARRIS AND EWING



The bank auto loan ... key to Extra Billions of consumer credit!

For *each* dollar of credit you may extend for new or used car financing under the State Farm Bank Plan, an opportunity exists for adding more than six dollars of *additional* consumer credit.

This is one of the amazing facts brought out in a recent survey, made to determine the buying plans of State Farm Mutual's vast army of policyholders.

Projecting scientific, cross-section survey figures to include all of State Farm's 1,300,000 policyholders, the world's largest automobile insurance company finds that 67% of its policyholders are planning to buy new or used cars, at an estimated value of $786,500,000.

The bank auto loans that help finance these purchases can reasonably be expected to unlock six times again as much consumer credit. For in addition to their plans for purchasing automobiles, State Farm policyholders are in the market for:

$2,912,000,000 in new homes.
144,300,000 in home furnishings.
364,000,000 in home remodeling.
975,000,000 in new business enterprises.
78,000,000 for expansion of business.
? ? ? ? for land (indeterminable).

It adds up to more than 5,260,000,000 potential financing dollars. And the key to this great credit opportunity is the State Farm Bank Plan. It will pay you to investigate this plan today!



STATE FARM INSURANCE COMPANIES

BLOOMINGTON, ILLINOIS

Pacific Coast Office: Berkeley, Calif.

Canadian Office: Toronto, Canada

How your bank can profit! Send today for FREE booklets

Here are two booklets *every* banker should have! "New Profit Opportunities for Banks," explains in detail how the State Farm Bank Plan works for you. "The State Farm Group Loan Life Plan—Good Will Insurance for Banks," tells how you can insure consumer loans at low cost. Both of these booklets are *free* for the asking. Simply indicate on this coupon whether you'd like one or both booklets. Then clip it and mail to State Farm Mutual, Bloomington, Illinois. There is no obligation.

CLIP NOW!... MAIL TODAY!

State Farm Insurance Companies B-56
Bloomington, Illinois

Gentlemen:

Please send us, without obligation, the FREE booklet or booklets we have checked below:

☐ "New Profit Opportunities for Banks"

☐ "The State Farm Group Loan Life Plan—Good Will Insurance for Banks"

Name.....

Bank.....

Address.....

City.....Zone.....State.....

Spend 20 Minutes NOW- with the Man Every Business Likes



. . . and save hours of figure-work forever after!

In 20 minutes—no more—he will demonstrate the important savings to your business from such figure-work advantages as

- *More calculations per pay roll dollar*
- *Elimination of double calculations for proof*
- *Proof of accuracy without special manipulations*

The Man Every Business Likes is your local Marchant figure-work specialist. His figure results are possible only with the Marchant Calculator, whose 20 Points of Superiority afford today's highest possible calculator performance. He will be glad to prove these statements by demonstration at your invitation.

No Priority Necessary

MARCHANT
SILENT SPEED ELECTRIC
CALCULATORS

THIRTY-SIXTH YEAR

Marchant Calculating Machine Company
Home Office: Oakland 8, California, U. S. A.
SALES AGENCIES AND MANUFACTURER'S SERVICE STATIONS GIVE SERVICE EVERYWHERE

How to Control Personal Loan Loss

ANY bank in the small loan business is bound to experience losses. However, if a bank's loss ratio is too low as measured with the average in the field, it is very likely that it has turned down some loans it could have made without assuming undue risk. Conversely, if its loss ratio is high by the same comparison, this may be caused by a loaning policy which is too liberal or an ineffective follow-up system on collections, or a combination of both of these factors.

It is very important that the manager of the small loan department and the management of the bank have up-to-the-minute information on their loss experience from this business at all times. This can be accomplished by a certain method of recording the losses.

I believe it is a common practice among banks which have been in this business for some time to accumulate the total of their charge-offs in these departments from the time their first small loan was made and show this as a ratio to total small loans made from the time these departments were first organized. These are the loss ratios they are using in judging the efficiency of these departments. This gives them a true picture, but such information has little practical value in a department which has been in existence for some time because these ratios are too slow in changing because of the large accumulation of figures used in arriving at them.

We have adopted a method of recording these losses which shows up more quickly any change in the trend of our loss experience. This is the way the record is kept:

We use an ordinary multiple column analysis work sheet on which we list according to months the total number as well as the total amount of loans made. At the end of each month we enter the amounts of all loans which were charged off during the month according to the months in which they were originated. For example, if we charge off a loan in March which was made in January, the amount of this charge-off would be listed in the January column. This will eventually show the total amount of loans charged off which were made in any one month. We are continually arriving at the ratio of the total amount of loans charged off to the total amount of loans made in any one month.

By also keeping a record of the total number of loans made, according to months, and the total number of loans charged off, according to the months in which they were put on the books, we are able to arrive at the ratio of the total number of loans charged off to the total number of loans made in any one month.

In addition to recording the above information by months on this work sheet, we list cumulative figures after each month for the preceding 12 months covering exactly the same information which is recorded according to months. We are continually arriving at the same ratios for each 12-month period that we arrive at for each month—namely the ratio of total amount of loans charged off to the total amount of loans made and the ratio of the total number of loans charged off to the total number of loans made. These ratios by continuous 12-month periods are obviously more valuable than those shown by months. Because these ratios are constantly changing, they are listed in pencil.

By using such a method of recording charge-offs, any change in the trend is quickly noted and the management can inaugurate corrective measures immediately.

J. W. MILLER, *auditor*
Fort Wayne, Indiana, National Bank

"Why didn't you get here a minute sooner? I just opened a can of them!"



FHA Insurance Loans

(CONTINUED FROM PAGE 67)

reasonable credit risk, but the FHA makes no credit investigation, and the lender may rely on statements of fact made by the borrower.

The prospective Class 3 home owner need have an equity of only 5 per cent of the appraised value of the completed property as determined by the lending institution. Under Title II the FHA appraisal governs and an equity of at least 10 per cent is required.

A home financed with a Class 3 loan may be built on land either owned by the borrower or held under a long-term lease. The proceeds of the loan may not be used to pay for the land, or for fixtures such as stoves, refrigerators, or washing machines, which are frequently included in Title II loans. The Class 3 home must meet FHA minimum construction and property standards, and the FHA will make three compliance inspections during the construction.

When a borrower under Class 3 sells the mortgaged property to another borrower who is acceptable to the lending institution, the institution may release the first borrower from his obligation on notice to the Federal Housing Commissioner, without the necessity of the processing required by Title II regulations.

Because the FHA yearly premium charge is computed on the original loan amount, no penalty premium payment is required of the borrower in the event of prepayment.

Should default occur, the lending institution will receive an all-cash payment of its loss immediately on conveying good title to the Federal Housing Commissioner. Under Title II, settlement is by 2 to ¾ per cent debentures and a certificate of claim covering certain foreclosure expenses. To conserve its Title I insurance reserve, the lending institution making Class 3 loans has the option of selling the acquired property at a price approved by the Commissioner and filing claim for loss covering any deficiency.

It is anticipated that Class 3 loans will be particularly advantageous in small communities and at the borders of larger cities where land is relatively inexpensive, where building codes are not restrictive, or where banks may not be operating under Title II. They may also prove popular in sections where provisions for heating and insulation do not make up as large a part of the construction cost as is necessary in colder areas, and where houses can be built less expensively on account.



"How's that?"

"Because with this new bank-agent set-up originated by the insurance companies you could swing it, Bill."

"I hadn't heard about it before. What's the story?"

"It's a new plan to keep auto-financing within your own community. Everybody benefits — you, the purchaser, the local banker, and your local insurance agent. Why don't you drop in your agent's office and pick up a folder about it? It's a natural for young men like you and me."

"Are you financing that way?"

"Sure thing! How else do you think I could afford one? Just look for this sign in your agent's office."

BANK AND AGENT AUTO PLAN

UNITED STATES FIRE
INSURANCE COMPANY
110 WILLIAM STREET, NEW YORK, N. Y.
ORGANIZED 1824

LISTEN THURSDAY EVENINGS TO EARL GODWIN OVER AMERICAN BROADCASTING NETWORK

THE INVESTMENT MARKET

H. EUGENE DICKHUTH

THERE are two clearly discernible counter trends in the government securities market. One is a continuation of the wartime development which established a mathematical formula, the result of which was a rising price and a declining yield curve. This pattern was produced by a succession of War Loan drives, by the creation of some $20 billion of new money during the war seeking investment outlets, and by the general economic atmosphere of those years.

Scarcity of available investments in relation to funds seeking employment was and still is an important factor. This applies with particular emphasis to the longest term governments carrying a 2 to 2½ per cent rate in both the restricted and the unrestricted categories. There are not enough to go around for all institutional investors wanting them and the net result is a pressure on prices on the upside.

This apparent mathematical certainty of higher prices and lower yields in these brackets could be upset by various factors. The sum total of these falls under the common denominator of "uncertainty," which is often referred to in inner fiscal circles as a desirable element because it makes traders pause, it makes for a reversal of the upward price trend and lesser confidence that this must be a never ending cycle of still higher prices and lower yields. That is the counter trend.

HERETOFORE, despite setbacks, the certainty has prevailed and driven the market to successively new highs in prices and to successively new lows in yields.

Price depressing elements usually have been hints, alleged reports and informed guesses in print that the preferential discount rate would be eliminated, that more long term issues at comparable interest rate would be made available, or that all sorts of credit regulation would be introduced. This has made for uncertainty, against certainty prevailing up to that point. This reduces, perhaps, the current action of the government securities market to the simplest possible terms. The yardstick might help, too, in "guestimating" future action.

A continued and vigorous Treasury debt redemption policy is expected by nearly everyone for some time to come. While this will reduce outstanding securities and thus increase the scarcity of investments on one hand, it also is definitely deflationary to the extent that the Treasury uses War Loan accounts which constitute government created funds for the redemption of the debt.

Throughout the war calls from War Loan deposits were spent all over the country in payment of weapons and goods. Thus they flowed into private pockets, teapots and individual and corporate deposit accounts. To the extent they are spent in debt redemptions since the new program started, the government-created money is liquidated.

Debt reductions earlier this year caused a price drop in short-term bonds, particularly in the 2s of June 15, 1949, whose yield at the time increased from 0.86 to 1.01 per cent. Similar movements may occur in the future. The entire government securities market also may receive a damper from a greatly increased demand for commercial loans which are rising steadily and which have gone up about 30 per cent in the last 12 months.

Registrations with the Securities and Exchange Commission of corporate bonds and stocks for sale during the Spring and Summer reached top speed in the last week of March which was the deadline for use of 1945 audits. It has proceeded at good pace since, even though new audits had to be submitted.

In addition to the ordinary refinancing and recapitalization operations in various industries, there are scheduled many common stock issues representing genuine venture capital.

THE exact figure for 1945 flotations of new securities has now been given by the SEC at $5,800,000,000, of which $3,400,000,000 was in registered offerings. Unregistered issues were composed principally of railroad obligations and securities placed privately. The 1945 total was the largest since 1929 and registered offerings constituted a record since establishment of the securities act in 1933.

The bulk of the underwriting activity took place in the latter half of last year after the end of the European war. In fact, in the second half the financing volume both in new money and refinancings was about double the amount of the first half.

New Issues

There seems to be every indication that barring unforeseen circumstances 1946 flotations will be considerably in excess of those of 1945. This, too, should help ease the heretofore existing scarcity of investment media and might help take off the pressure in other markets, at least in some degree.

When Your Bank Needs a Bank . . .

REMEMBER that the "Indiana National" is grateful for every opportunity to be of service to banks throughout the nation.

Fortunately, our ready willingness to provide material assistance and experienced counsel is matched by a volume of resources which places us first in Indiana, and 66th among the nation's 15,000 banks and trust companies.



THE INDIANA NATIONAL BANK

OF INDIANAPOLIS

In Business to Help Business . . . Since 1865

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Douglas Fir Plywood Again Allocated

-To Meet the Urgent Needs of the Reconversion Housing Program

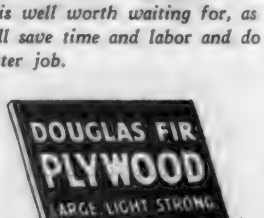
TODAY'S most urgent and immediate need is for housing—and the Douglas fir plywood industry pledges complete cooperation with the Reconversion Housing Program.

The demand for housing requires that Douglas fir plywood again be put on an allocation basis. This means that a substantial proportion of the industry's production will be channelled to housing contractors, stock cabinet manufacturers, prefabricators and distributors.

As a result, the present supply situation for all other industrial and construction uses will be temporarily aggravated.

May we strongly urge you to anticipate your needs *far in advance*—and discuss your requirements with your regular sources of supply.

Even though today the supply situation in Douglas fir plywood is critically short, for many projects such as forming concrete surfaces, for signs and display work, for boat building, and for many other industrial and commercial uses, it is almost indispensable. In these cases it is well worth waiting for, as it will save time and labor and do a better job.



Douglas Fir Plywood Association
Tacoma 2, Washington

STATE ASSOCIATION ACTIVITIES

COLORADO. Culminating its studies on a practical, safe and efficient instalment loan program, the consumer credit committee of the Colorado Bankers Association recently provided member banks with a booklet to aid them in properly setting up such a program and a series of forms developed by the committee for bank use in making instalment loans.

* * *

CENTRAL STATES CONFERENCE. Seventy-five executive officers of 14 state bankers associations met in Chicago recently for the first postwar meeting of the Central States Conference. At four half-day sessions the group discussed banking problems of general interest. Topics included consumer credit, instalment lending and new state instalment loan laws, FDIC, bank retirement, insurance and pension plans, public relations and radio advertising for banks, service to veterans and on-the-job training under the amended GI act, soil conservation, and wage, hour and price controls.

To serve the conference during the coming year Eugene P. Gum, Oklahoma, was elected president; Wall G. Coapman, Wisconsin, first vice-president; David M. Auch, Ohio, second vice-president; and Robert E. Lee Hill, Missouri, secretary-treasurer.

Colorado and Kentucky were admitted to the conference, increasing the membership to 16 state bankers associations.

* * *

LOUISIANA. For its promotion of soil conservation through a farmer-banker award program, the Louisiana Bankers Association recently won the commendation of the state Soil Conservation Association. Resolutions adopted by the 115 soil conservation supervisors who comprise the conservation organization praised the bankers for their vision in recognizing how vitally conservation of natural resources contributes to the prosperity of the state and to the public welfare. Resolutions urge continuance of the plan and recommend a similar program for all school-age children.

* * *

MARYLAND. A Golden Jubilee celebration, commemorating the 50th anniversary of the Maryland Bankers Association, will highlight the program of its annual convention at Atlantic City, New Jersey, May 27 and 28.

* * *

OHIO. President Howard G. Hudson and Secretary David M. Auch of the Ohio Bankers Association were among business and civic leaders in the state drafted by Governor Frank Lausche to draw up plans for a campaign to combat inflation and encourage holding the line on wartime savings.

* * *

WASHINGTON. The Washington Bankers Association's Committee on Personnel and Banking Education has prepared a series of personnel forms and records for the use of member banks.

* * *

WISCONSIN. Reviving their annual banking conferences discontinued during the war, the Wisconsin Bankers Association and the University of Wisconsin jointly sponsored a one-day meeting at Madison. Addresses on banking, economics, and agriculture featured the program.

* * *

ARKANSAS. A committee of bankers has been appointed by President R. H. Dickenhorst of the Arkansas Bankers Association to work with the Arkansas Public Expenditure Council, at the latter's request, on a survey of the state tax system and the drafting of a model tax plan for Arkansas.

* * *

Ray O. Brundage, executive manager of the Michigan Bankers Association, is president of the State Association Section, American Bankers Association



IOWA. The series of spot advertising programs prepared by the Iowa Bankers Association for statewide broadcast over a chain of Iowa networks has won the approval and financial support of 633 banks in the state. The campaign, supplemented by newspaper ads, direct mail and personal contact, aims to bring home to the public the concept of the bank as a service agency in the community, and in turn to stimulate broader use of bank financial services.

* * *

VIRGINIA. Bankers from all over the state participated in the sixth Virginia bankers conference at Natural Bridge during April. The three-day session featured discussions on loans of all types, bank operations, public relations and advertising, bank investment problems and the outlook for deposits. Seminars covered the amended GI act, as well as farm and consumer loans.

* * *

PENNSYLVANIA. Distribution of two educational booklets on banking and elementary economics among grammar schools and high schools in Pennsylvania has brought enthusiastic response from state educational leaders to this project of the Committee on Public Education of the Pennsylvania Bankers Association. School authorities are finding the booklets excellent teaching aids.

* * *

ILLINOIS. Official launching of the Fifty Year Club of the Illinois Bankers Association features the association's annual convention early in May.

Trust men and farm management men attended the annual meeting of the Illinois association's trust division at Decatur. Agriculture is a vital interest of banks in the state and a farm management section of the trust division was organized to serve the needs of officers and employees of banks owning or operating farm properties.

* * *

KANSAS. With its program geared to the ever-increasing number of operating problems confronting banks, the annual Kansas bankers clinic is scheduled to be held at the University of Kansas, June 19 to 21.



Harmless words? Sometimes, yes. But dangerous to the life of your business when employees "juggle" figures, "pad" expense accounts, "lift" valuable merchandise, "dip" into the till.

Today, with crime increasing, you cannot afford to take chances. More than ever, your company needs the protection of Fidelity Bonds. Bonding not only protects your company but also builds employee morale by providing a tangible "clean bill of health."

Mail the coupon below for your free copy of "1001 Embezzlers." This unusual book portrays the average male and female embezzler . . . gives the facts behind many typical cases of employee dishonesty. Send for your complimentary copy of "1001 Embezzlers" today.

"Consult your Insurance Agent or Broker as you would your Doctor or Lawyer"

U.S.F.&G. FIFTIETH YEAR 1896 1946

U. S. F. & G.

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affiliate:

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HOME OFFICES: BALTIMORE, MD.

Fill Out and Mail This Coupon:

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BALTIMORE 3, MD.

Please send me, without obligation, a copy of "1001 Embezzlers."

Name .....

Company .....

Address .....

City ..... *Zone* ..... *State* .....

Veterans' Housing Priorities

(CONTINUED FROM PAGE 58)

County Agricultural Conservation Committee.

For non-housing jobs, including non-housing farm jobs, applications should be made on Form CPA-4423 and filed, in the case of non-housing farm jobs with the local County Agricultural Conservation Committee, and in the case of all other non-housing jobs with the nearest CPA construction field office.

These offices will be established in 71 cities throughout the country. The manager of each office in his decisions on the essentiality and non-deferability of proposed jobs, will have the advice of an area review committee appointed by CPA. This committee will be made up of citizens of high standing in their communities who represent the geographical sections of the area as well as the economic and public interests within it.

CPA's district manager will be the chairman of the committee, and he will make the final decision on approval of the applications on non-housing projects such as commercial, industrial, and public works (except Federal projects). Appeal from his decision may be made to Washington.

In making its recommendations on the essentiality and non-deferability of local construction projects, the district construction committee will review the impact of the proposed job upon the Veterans' Emergency Housing Program. Factors which will be considered by the committee are: (1) The essentiality of the proposed job in relation to the veterans' program; (2) the elimination of a bottleneck in reconversion; (3) the public health and safety of the community; or (4) unusual and extreme hardship.

1st NATIONAL BANK

—in St. Louis

(Reg. U. S. Pat. Off.)

BROAD CORRESPONDENCE SERVICE

Our wide contacts with commercial, industrial and financial concerns often prove valuable to correspondent banks in connection with the business of their customers.

Total Resources Over 500 Million.

FIRST NATIONAL BANK IN ST. LOUIS

Broadway • Locust • Olive

Member Federal Deposit Insurance Corporation

"He drew a moustache on every five dollar bill in the bank!"



INVENTORY . . . THE BASIC ASSET OF INDUSTRY



Field Warehousing enables you to chart a course to more loans on a profitable, well-secured basis

More Loans and Larger Loans can be made SAFELY, when your customer's inventory (raw or finished) is collateralized through our FIELD WAREHOUSING SERVICE,—the setting up of a legal warehousing operation right on the borrower's business location.

Your Protection

1. **Value** of the Merchandise.
2. **Our Ability, Experience and Skill**—Supported by our Warehousemen's Legal Liability and Employees' Fidelity Bond, underwritten by The Hartford Accident and Indemnity Co.
3. **Our Record Stands**—Not one dollar of loss to Lending Agent, Bonding Company or Ourselves.

WRITE TO NEAREST OFFICE

Let our district Manager discuss Valid Warehouse Receipts and the Safety and Economy of this Service with you



FIELD WAREHOUSING DIVISION

ST. LOUIS TERMINAL WAREHOUSE CO.

SERVING INDUSTRY OVER TWE[illegible] YEARS

GENERAL OFFICES—ST. LOUIS MO.

CINCINNATI • • • KANSAS CITY

CHICAGO • DALLAS • MEMPHIS

Heard Along Main Street

Silver Medals

THE Treasury's Silver Medal for Distinguished Service to War Finance has been awarded to several members of the staff of the American Bankers Association in recognition of the work of all banks in the War Loan program.

Dr. HAROLD STONIER, executive manager of the Association, received his medal in Washington, D. C., from Lawrence Olney, field director of the Treasury Department's U. S. Savings Bond Division. Morris Townsend, director of the Banking and Investment Section, made presentations in New York to MERLE E. SELECMAN, secretary of the A.B.A.; Deputy Managers A. G. BROWN, J. R. DUNKERLEY, and WILLIAM T. WILSON; and WILLIAM R. KUHNS, editor of BANKING.

The medal had previously been awarded to FRANK C. RATHJE, president of the Association, and Vice-president C. W. BAILEY.

Bank Woman

The women's page of *The Christian Science Monitor* recently carried a feature story on the career of Miss EMMA HALL, assistant vice-president of the Commerce Trust Company of Kansas City, Missouri.

"From a Nebraska sod house to the position of an official in one of the largest banks in the country," says the article, "sounds like a Horatio Alger story. And when the person holding this position is also a woman, it is still more surprising. Even today there are comparatively few women bank officers, particularly those who have 'come up through the ranks,' but Miss EMMA HALL, assistant vice-president of the Commerce Trust Company of Kansas City, is one of these.

"In 1922 she stepped from the office of secretary in the bond department to that of assistant treasurer, and had the distinction of being at that time the first woman bank officer west of the Mississippi. But it wasn't as abrupt a rise as it sounds, Miss HALL explained. It was the culmination of more than 10 years of banking experience, which consisted of everything from dusting the files to bookkeeping, stenography, and assistant manager of the bond department.

"Her first bank job was with a small establishment in Enid, Oklahoma, where she balanced books, wrote drafts, and worked in the back room clearing house."

As a girl Miss HALL lived with her family in a sod house at Rock City, Nebraska. After graduating from high school, reports the *Monitor's* correspondent, she taught school for a year and then took a business course. While working for an employment agency she accepted the Enid job—and has been a banker ever since.

At Annual Graduate School of Banking Faculty-Alumni Meeting in New York

Bank administration and management professors confer, *below—l. to r.*, O. Howard Wolfe, vice-president, Philadelphia National Bank; Harold E. Randall, vice-president, First National Bank, Boston; Eugene E. Agger, professor of economics, Rutgers University; Harold E. Zarker, vice-president and treasurer, The First Bank and Trust Company, Perth Amboy, N. J.; John J. Driscoll, Jr., member of Driscoll, Millet & Company, Philadelphia



Savings management and real estate finance professors at the G. S. B. faculty meeting, *below—l. to r.*, Ernest M. Fisher, professor of urban land economics at Columbia University; Earl B. Schwulst, executive vice-president, Bowery Savings Bank, New York; Clyde M. Davis, bank commissioner of New Hampshire, Concord; R. R. McElvare, senior executive vice-president, Bank for Savings, New York; Everett N. Hatch, director of public relations, Syracuse (N. Y.) Savings Bank. Federal Reserve Board Chairman Eccles was guest speaker



Highest Award

STANTON GRIFFIS, a member of Hemphill Noyes & Company, New York banking firm, has received the Medal for Merit, the Government's highest civilian award, from Basil O'Connor, American Red Cross chairman, in recognition of his services as Red Cross commissioner in the Pacific Ocean area during the war. The presentation was made at the direction of President Truman.

Reserve City President

SIDNEY B. CONGDON, president, The National City Bank of Cleveland, was elected president of the Association of Reserve City Bankers at its meeting in Palm Beach last month. GEORGE S. ECCLES, president, First Security Bank, Ogden, Utah, and vice-president, First National Bank, Salt Lake City, was elected association vice-president.

Mr. CONGDON succeeds ROBERT M. HANES, president, Wachovia Bank & Trust Co., Winston-Salem, and Vice-president ECCLES, WILLIAM F. KRIEBEL, vice-president and treasurer, The Pennsylvania Co., Philadelphia.

Elected to the board of directors for three-year terms were: L. R. BRYAN, JR., president, Second National Bank, Houston; THOMAS M. CONROY, ex-

(CONTINUED ON PAGE 102)

There can be a Great Future...

THERE CAN BE A GREAT FUTURE ahead for the food industry, for all industry, and for the American people.

Every material requirement for sound living is at hand. We are rich in the basic resources of productive land, energetic people, and a capacity to create. This combination is the seedbed of better living for us, and for the world—if we will have it so.

Because we live off what we produce and exchange, utilization of these resources through economical and increasingly efficient production and distribution is the only way we know to contribute to better living for all.

This country is a gigantic enterprise with 140 million partners. Only as partners, working smoothly together, can we continuously produce what we want, and raise our levels of living to new heights.

There is no lasting means of getting more from producing less. Competition we want and must have, conflict hurts us all by crippling both production and the incentive which fires men to new achievements.

As a people, it is our responsibility to produce what we need and want.

As management of General Foods, it is our responsibility to provide suitable compensation to our employees and to the owners of the business, and to satisfy our customers with high quality at fair prices.

We believe in a high standard of living for every man, woman, and child in whom good citizenship resides. We believe in good jobs and stability of employment.

We believe it is the responsibility of business management to build opportunity for the man who wants to work. We believe in basic human values, and we are endeavoring to demonstrate these beliefs by the manner in which we administer the affairs of this company.

We further believe that we, as management, can best serve the common interest of workers, owners, and customers of General Foods through continuing to improve production and distribution of goods and services.

We believe that each of these 3 groups is vital to the founding and growth of productive enterprise, and thus vital to all people. Rewards of production must be divided equitably among these groups—not monopolized by any one of them.

We believe in the creation of human satisfactions as well as the production of things. We believe that General Foods cannot, and does not, stand alone in its effort to serve, and therefore we align ourselves with the great majority of men and women who are willing to work for a better future.

With courage, imagination, and productive work we can help sustain the American promise and give nurture to the human urge for better living. The goals are jobs, freedom, and the greater dignity of the individual.

Clarence Francis
CHAIRMAN

Austin S. Igleheart
PRESIDENT

Reprinted from the annual report of General Foods Corporation.

This report tells the story of a year's work, the problems encountered, and the progress made in 1945. You may find it interesting even if you are not a stockholder or an employee. We'll be glad to send you a copy . . . just write to General Foods Corporation, 250 Park Avenue, New York 17, N.Y.

GENERAL FOODS CORPORATION

GF

ecutive vice-president, Central Trust Co., Cincinnati; THOMAS F. GLEED, president, First National Bank, Seattle; P. L. RAY, chairman, executive committee, First National Bank, St. Paul.

Both Mr. CONGDON and Mr. ECCLES are members of the A.B.A.'s Postwar Small Business Credit Commission, and Mr. ECCLES also is a member of the executive committee, Savings Division.

Mr. HANES, the retiring president, is a past president of the A.B.A. and currently is chairman of the Association's Postwar Small Business Credit Commission, a member of the Executive Council and of the Advisory Committee on Special Activities.



Mr. Congdon

GI Loan to Start Bank

The first newly organized bank to be partially financed by funds obtained under the Servicemen's Readjustment Act is The Stephens Security Bank of Stephens, Arkansas, which opened for business on April 1.

The loan was obtained by FLOYD BRYAN, an ex-petty officer in the U. S. Navy, from The Commercial National Bank of Little Rock, Arkansas. Mr. BRYAN is vice-president and cashier of the Stephens bank, which is capitalized at $25,000, has paid-up capital of $8,000, is a member of the FDIC, and has applied for membership in the A.B.A., and the Arkansas Bankers Association.

CHARLES T. REVELEY is president and JAMES SMITH a vice-president of the new bank. JAMES D. AINSWORTH, a former lieutenant in the Paratroopers, is assistant cashier.

Stephens is a small town in the oil field section of southern Arkansas and had been without banking facilities for a number of years prior to the opening of The Stephens Security Bank.

Mr. BRYAN was working as a loan guarantee examiner for the Veterans Administration at Little Rock when he got the idea for the new bank.

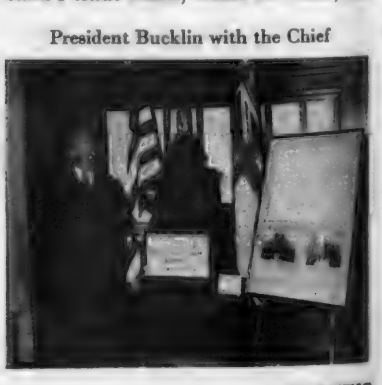
General Omar N. Bradley, Veterans Administrator, sent a congratulatory message to the bank on opening day, confirming that it was the first bank to be partially financed under the GI act.

The Return of the Chief

A bust of the Shawmut Indian, decorated with three campaign ribbons and four stars, has returned to Boston after serving as mascot for the British destroyer Tyler. Accompanying the statue was the blood-stained white ensign of the Tyler presented to WALTER S. BUCKLIN, president of The National Shawmut Bank of Boston, by the captain and men of the Tyler as an additional memento of the Indian's war record.

The bust and the ensign were placed on exhibition in the main office of the bank at 40 Water Street. Inasmuch as Chief Obbatinewat, sachem of the Shawmut tribe, reproduced in bronze by the sculptor A. Ames, Jr., as the bank's trade mark, wears no tunic, his

President Bucklin with the Chief



THE NORTHERN TRUST COMPANY CHICAGO

COOPERATION—KEYNOTE OF OUR CORRESPONDENT RELATIONSHIPS

A willing, friendly spirit of cooperation characterizes relationships between The Northern Trust Company and its correspondent banks. All the experience and broad facilities of this long-established Chicago bank are constantly at your disposal. It is our objective to assist you in broadening the scope of your own customer service. Your inquiries are cordially invited.

THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

"battle honors" are suspended around his neck on a chain.

An inscribed plate setting forth the chief's war experience was also received from the Tyler's officers, and this together with a photograph of his shipmates and their letters were included in the exhibit placed in front of the bank's honor roll.

Early in 1944 H.M.S. Tyler was in Boston Harbor and crew members, seeing the Shawmut Indian statues in various offices around the city, asked President BUCKLIN if they could have one as a mascot. A formal presentation of the Indian head was made to Lieutenant C. H. Rankin, commanding officer of Tyler, and from that day on no word was heard from "Chief Obbatinewat" until he arrived back in Philadelphia recently.

His record shows that on D-Day, June 6, 1944, he participated in the invasion. In the Battle of the Atlantic he assisted in the destruction of three U-boats. He was on escort duty in the Mediterranean Theatre, took part in the surrender of 36 German U-boats, and acted as royal escort to the King and Queen on the occasion of their visit to the Isle of Man.

The chief's decorations include the 1939–1945 star for service in operational waters; the Italy Star for service in the Italian campaign; the France and Germany star and the Atlantic Star Clasp which entitles the chief to a Silver Rosette.

The Victory Ribbon has yet to be awarded, but the captain and crew of the Tyler have promised to add this to the chief's decorations at a later date.

Silver Anniversary

Miss HELEN KNOX, president of the Association of Bank Women, is making a visit to key cities in five of the eight geographical divisions under which the organization functions. Her itinerary covers St. Louis, Dallas, Austin, Houston, Pharr, San Antonio, Los Angeles and San Francisco.

Miss KNOX is manager of the women's department, Chase National Bank, New York. The association is celebrating its 25th anniversary this year.

Back from the War

DAVID ROCKEFELLER, youngest son of John D. Rockefeller, Jr., has been made an assistant manager in the foreign department of the Chase National Bank, New York. Mr. ROCKEFELLER



Thomas R. Cox, president Bowery Savings Bank, New York, *left*, greeting the first customers at the bank's new Chelsea branch. *L. to r.*, Lewis J. Barnwell, Jr., held by his mother, who opened account No. 1; Miss Maggi McNellis, radio commentator; Patrick Mallery, for 20 years a waiter in a famous New York restaurant; and Charles J. S. Bohlen, president of the 23rd Street Association. H. E. Borneman is branch manager



Highlights
IN
INSURANCE HISTORY

Insurance Against Capture

An insuring was made in London May 9th, 1760, "interest or no interest" on behalf of George Carter, the Governor of Fort Marlborough against the said fort being taken by any foreign enemy. The Fort was taken on April 3rd 1761 by the French. The Underwriters at Lloyds resisted payment of claim. An action was brought on the policy and verdict obtained. (There had been no similar claim in the law books.) The underwriters appealed on the ground of there having been fraudulent concealment when the insurance was obtained. They claimed among other things that the state and condition of the Fort at the time of the insuring had not been truthfully presented.

The NATIONAL UNION *and* BIRMINGHAM *are outstanding for their records of settling losses promptly and fairly.*

National Union
and Birmingham
FIRE INSURANCE COMPANIES
PITTSBURGH PENNSYLVANIA

entered the Army as a private in May 1942 and was demobilized as a captain last December. Before the war he was secretary to New York's Mayor La-Guardia and later was assistant regional director of the U. S. Office of Defense, Health and Welfare Service.

JOHN MCNEIL, assistant secretary of the trust department, The Northern Trust Company, Chicago, has been discharged from the Navy as a lieutenant commander and has returned to the bank. He was supply officer on Saipan.

WALTER P. ANDREWS, who has been a lieutenant commander in the Navy, is back with the Bank of the Manhattan Company, New York, as an assistant vice-president.



Mr. Andrews



Mr. Stetson

EUGENE W. STETSON, JR., who served as a lieutenant commander in the Navy, has been appointed to an assistant vice-presidency in the Chemical Bank & Trust Company, New York. He is associated with the bank's business in the South Atlantic states.

OMER V. CLAIBORNE has been appointed manager of the Brussels office of the Guaranty Trust Company, New York. He served as a colonel in the Army and was chief of the French Currency Section of SHAEF. Before the war he was assistant manager of the bank's Brussels branch.

WILLIAM N. DOWNS, discharged from the Army as a lieutenant colonel, has joined the Trust Company of Georgia as a special representative of the farm-industry department.

HOMER E. HENDERSON has been elected a vice-president of The Second National Bank of Houston. As a lieutenant commander in the Navy he was personnel and legal officer on the staff of Admiral Sharp, commander of mine craft in the Pacific area.



ROGER F. MURRAY, a captain in the AAF, has been elected a vice-president of Bankers Trust Company, New York, in charge of the credit and security research department. He received the Legion of Merit for his services in industrial demobilization planning for the Army Air Forces.

Lieutenant Colonel D. L. DIMOND, former chief of the Overseas Branch, Supply Division, at the Los Angeles Port of Embarkation, and an assistant vice-president of The Anglo California National Bank of San Francisco, has been decorated with the Legion of Merit for his services in coordinating supply shipments. He has resumed his duties as an officer in the bank's public relations department.

(CONTINUED ON PAGE 106)

Legion of Merit is awarded to Col. Dimond



THE

NATIONAL CITY BANK

OF CLEVELAND

Statement of Condition

MARCH 30, 1946

ASSETS

Cash and Due from Banks	$ 96,225,954.57
United States Government Obligations	273,211,979.23
Other Securities	15,141,992.65
Loans and Discounts	106,569,379.30
Investment in Banking Premises	1,575,440.00
Customers' Liability on Acceptances and Letters of Credit	725,222.94
Accrued Interest	1,099,623.22
Other Assets	296,320.36
	$494,845,912.27

LIABILITIES

Capital Stock (625,000 shares)	$ 10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	2,336,704.29	$ 22,336,704.29
Reserves		3,138,106.08
Dividend on Capital Stock Payable May 1, 1946		218,750.00
Acceptances and Letters of Credit		725,222.94
Accrued Interest and Expenses		1,261,714.15
Deferred Credits and Other Liabilities		404,658.55
Corporation, Individual and Bank Deposits	$287,745,744.40	
Savings Deposits	57,223,338.64	
Trust and Public Deposits	21,617,618.05	
U. S. Government War Loan Account	100,174,055.17	466,760,756.26
		$494,845,912.27
Contingent Liability on unused loan commitments	$12,862,321.27	

NOTE: United States Government obligations carried at $126,792,927.56 are pledged to secure trust and public deposits, U. S. Government War Loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

High-Speed 24-Hour Service

This means day and night performance to serve our correspondents better in presenting their items wherever payable. Bankers Trust Company invites inquiry from correspondent banks with a view to securing full benefit of mail and express schedules, both rail and air, and expedite handling of their transit items forwarded to us.

BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A Partial List of Bankers Trust Company Services to Banks



- Collection of Par and Non-Par Checks
- Collection of Notes, Drafts, Coupons, Matured Bonds and Other Items (Domestic and Foreign)
- Transfer of Funds, Remittances and Domestic Money Orders
- Credit Information
- Commercial Paper Purchases
- Dealers in United States Government, State and Municipal Securities
- Participation with Correspondent Banks in Loans to Local Enterprises
- Servicing Loans to Brokers and Dealers
- Investment Information
- Receipt and Delivery of Securities
- Commercial and Travelers Letters of Credit
- Safekeeping of Securities
- Consultation on Pension and Profit-Sharing Plans
- Co-Paying or Exchange Agent, Co-Transfer Agent or Registrar, and Co-Depositary
- Trust and Reserve Accounts
- International Trade and Foreign Banking Facilities

FRANCIS M. MESSICK, who served in the Foreign Finance Section of the Naval Military Government as a lieutenant, has been named treasurer of the American Trust Company of South Bend, Indiana.

ROBERT RANDLE GILBERT, JR., vice-president of The First National Bank in Dallas, has received a commendation from Secretary Forrestal for outstanding performance of duty as officer (lieutenant commander) in charge of the Contract Operation Section of the Navy Bureau of Supplies and Accounts from November 1943 to October 1945. Mr. GILBERT is the son of the governor of the Federal Reserve Bank of Dallas. He was separated from the Navy last October after 39 months in the Supply Corps.

RICHARD C. LANG has returned to the staff of the Fifth Third Union Trust Company, Cincinnati, after 32 months' service as a special agent of the Counter-Intelligence Corps in all theaters of the European war. He holds the Bronze Star for heroic action on D-Day, the Bronze Arrowhead, and five campaign stars. He was also decorated by France and Belgium. During the latter part of his service Mr. LANG had a part in preparations for the Nuremburg trials. He is in the bank's investment department.

For your traveling clients



1. "Will you cash this check for $500, please? I'm about to start on another business trip. Seems to me all I do is travel, these days."



2. "Mr. Wooding, may I suggest that you carry your travel funds in American Express Travelers Cheques? They're as spendable as cash—and safer.



3. "If any of these cheques are lost or stolen, you simply report your loss to the nearest American Express office.



4. "The amount of your loss will be quickly refunded. More and more businessmen are using these Travelers Cheques."

BUSINESSMEN making trips, and other travelers, will welcome a suggestion to safeguard their travel funds. For information about American Express Travelers Cheques and for advertising material, write W. H. Stetser, Vice-President, American Express Co., 65 Broadway, New York 6, N. Y.

AMERICAN EXPRESS
Travelers Cheques

Have You Heard?

KENTON R. CRAVENS and WILLIAM A. MCDONNELL, both vice-presidents of the Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri, have been elected members of the board of directors. Mr. CRAVENS is with the commercial banking department of the bank and is widely known as an authority on consumer credit.

Mr. MCDONNELL has supervision over the divisions including general operations, banks and bankers, and savings.

Both Mr. CRAVENS and Mr. MCDONNELL are active in the A.B.A.

LEWIS E. PIERSON, former chairman of the board of the Irving Trust Company of New York, former president of the American Bankers Association, and long active in A.B.A. committee affairs, has been appointed chairman of New York State Savings Bond Division of the U. S. Treasury. Mr. PIERSON for over three years was downstate chairman of the War Finance Committee of the Treasury, successor to the Savings Bond Division.

The National Bank of Commerce of Seattle announced recently that its president, ANDREW PRICE, was recovering from a serious illness attributed to the strain of the war years. Mr. PRICE is a member of the Committee on Federal Legislation, American Bankers Association.

JOHN S. SMITH, president of The Farmers Deposit National Bank of Pittsburgh, and ANDREW J. HUGLIN, president of the Pitt National Bank, have announced approval by the directorates of an agreement whereby the Farmers Bank, oldest in the city, will acquire the business of the Pitt.

(CONTINUED ON PAGE 108)

Mr. Smith



Mr. Huglin





THE NEW YORK TRUST COMPANY

100 BROADWAY

MADISON AVENUE AND 40TH STREET • TEN ROCKEFELLER PLAZA

CONDENSED STATEMENT OF CONDITION MARCH 31, 1946

ASSETS

Cash and Due from Banks	$126,264,504.85
United States Government Obligations	421,964,375.55
Other Bonds and Securities	22,459,850.79
Loans and Discounts	218,403,918.21
Real Estate Bonds and Mortgages	782,396.60
Equities in Real Estate	1,031.22
Customers' Liability for Acceptances	857,697.05
Interest Receivable and Other Assets	2,726,725.21
	$793,460,499.48

LIABILITIES

Capital	$15,000,000.00	
Surplus	35,000,000.00	
Undivided Profits	11,430,215.33	$61,430,215.33
General Reserve		3,272,088.68
Dividend Payable April 1, 1946		600,000.00
Acceptances		1,076,430.19
Reserve for Taxes and Other Liabilities		4,860,517.87
Deposits		722,221,247.41
		$793,460,499.48

United States Government obligations carried at $174,444,260.46 in the above statement are pledged to secure United States Government deposits of $157,696,975.12 and other public and trust deposits and for other purposes required by law.

TRUSTEES

MALCOLM P. ALDRICH
New York

GRAHAM H. ANTHONY
President
Colt's Patent Fire Arms Mfg. Co.

ARTHUR A. BALLANTINE
Root, Ballantine, Harlan, Bushby & Palmer

JOHN E. BIERWIRTH
President

ALFRED A. COOK
Cook, Lehman, Goldmark & Loeb

WILLIAM F. CUTLER
Vice President
American Brake Shoe Company

RALPH S. DAMON
President
American Airlines, Inc.

FRANCIS B. DAVIS, JR.
Chairman of the Board
United States Rubber Company

SAMUEL H. FISHER
Litchfield, Conn.

WILLIAM HALE HARKNESS
New York

HORACE HAVEMEYER, JR.
Executive Vice President
The National Sugar Refining Company

B. BREWSTER JENNINGS
President, Socony-Vacuum Oil Co., Inc.

ADRIAN M. MASSIE
Vice President

HOWARD W. MAXWELL
New York

HARRY T. PETERS
New York

SETON PORTER
President, National Distillers Products Corporation

ROBERT C. REAM
President
American Re-Insurance Company

MORRIS SAYRE
President, Corn Products Refining Company

CHARLES J. STEWART
Vice President

VANDERBILT WEBB
New York

Member of Federal Deposit Insurance Corporation

N. BAXTER JACKSON, president of the Chemical Bank and Trust Company, New York, has accepted the chairmanship of the 1946 campaign of The Greater New York Fund for the support of some 400 local hospitals, health and welfare agencies.

ANNA M. FLAHERTY has been appointed assistant director of public relations of The Bank for Savings in the City of New York. Miss Flaherty has been with the bank since 1929.

I. R. ALTER, who first went to work for the First National Bank of Grand Island, Nebraska, 45 years ago as janitor and errand boy, was recently elected president of the bank. He succeeds E. J. WOLBACH, who was elected chairman of the board.



Corn Exchange National Bank and Trust Company, Philadelphia, lunch room, where employees lunch in a club-like atmosphere and spend remainder of their leisure playing cards, chess, checkers or reading. Girls can prepare special snacks on an electric range

At the annual meeting of the Savings Bank Life Insurance Council, N. Y., JOSEPH G. MUNZ, vice-president of the Hamburg Savings Bank, was elected president. Other officers elected were: vice-president—ROBERT W. SPARKS, vice-president of the Bowery Savings Bank; treasurer—EDWARD R. ZIEGLER, treasurer of the Bronx Savings Bank; secretary—CHARLES W. CARSON, executive vice-president of the Community Savings Bank of Rochester.

Following promotions and appointments were announced by the Marine Trust Company, Buffalo, New York: ALBERT L. SANDERSON, from vice-president to vice-president and secretary; CLIFFORD B. MARSH, JR., assistant vice-president to vice-president; HENRY B. SHEETS, assistant treasurer to vice-president; KARL HINKE, assistant treasurer to assistant vice-president; MARTIN J. TRAVERS, assistant treasurer to assistant vice-president; HOMER R. BERRYMAN, EDWARD G. MALONEY, ARCHIBALD C. ROBSON, and STEWART D. STEELE, assistant secretary; ROSWELL J. FLEISCHMAN, and HAROLD P. MCNAMARA, assistant treasurer.

THOMAS C. JACKSON and ROY N. STROM have been elected assistant cashiers of the Minnehaha National Bank, Minneapolis.

F. ABBOT GOODHUE, president of the Bank of the Manhattan Company, has been elected a director of the B&O RR.

MARVIN L. MILLARD has been appointed assistant cashier of the National Bank of Tulsa.

(CONTINUED ON PAGE 110)

Mr. Goodhue



Mr. Millard



The Seal of Approval—Constant Growth

That banks find our service eminently satisfactory is evidenced by the steady growth of our roster of correspondent banks. It is a source of gratification to us that much of this progress is the result of recommendations of satisfied customers.

We offer to your bank a quality service suited to your special requirements. Our objective will be to cooperate with you so closely and efficiently that you will unhesitatingly recommend us to other banks. Your inquiries will receive our prompt and interested attention.

AMERICAN NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO

LA SALLE STREET AT WASHINGTON

Member Federal Deposit Insurance Corporation

Guaranty Trust Company of New York

FIFTH AVE. OFFICE	MAIN OFFICE	MADISON AVE. OFFICE
Fifth Ave. at 44th St.	140 Broadway	Madison Ave. at 60th St.

To be opened: ROCKEFELLER CENTER OFFICE, 40 ROCKEFELLER PLAZA

LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, March 31, 1946

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers		$ 515,525,209.75
U. S. Government Obligations		2,060,896,995.82
Loans and Bills Purchased		897,933,684.37
Public Securities	$ 85,583,920.32	
Stock of the Federal Reserve Bank	7,800,000.00	
Other Securities and Obligations	16,841,543.81	
Credits Granted on Acceptances	2,882,936.45	
Accrued Interest and Accounts Receivable	10,940,502.94	
Real Estate Bonds and Mortgages	1,585,249.90	
Items in Transit with Foreign Branches and Net Difference in Balances between Various Offices Due to Different Statement Date of Foreign Branches	6,694.43	
		125,640,847.85
Bank Buildings		9,369,527.19
Other Real Estate		145,201.13
Total Resources		$3,609,511,466.11

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	54,865,940.97	
Total Capital Funds		$ 314,865,940.97
General Contingency Reserve		36,368,646.60
Deposits	$3,086,756,982.26	
Treasurer's Checks Outstanding	7,007,175.85	
Total Deposits		3,093,764,158.11
Bills Payable		132,000,000.00
Acceptances	$ 6,562,176.48	
Less: Own Acceptances Held for Investment	3,679,240.03	
	$ 2,882,936.45	
Liability as Endorser on Acceptances and Foreign Bills	135,213.00	
Dividend Payable April 1, 1946	2,700,000.00	
Accounts Payable, Reserve for Expenses, Taxes, etc.	26,794,570.98	
		32,512,720.43
Total Liabilities		$3,609,511,466.11

Securities carried at $989,985,381.40 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, to secure Bills Payable, and for other purposes. This Statement includes the resources and liabilities of the English, French, and Belgian Branches as of March 26, 1946.

EUGENE W. STETSON
Chairman of the Board

W. PALEN CONWAY
Chairman of the Executive Committee

WILLIAM L. KLEITZ
Vice-President

J. LUTHER CLEVELAND
President

DIRECTORS

GEORGE C. ALLEN — Director, British-American Tobacco Company, Limited, and President, Duke Power Company
WILLIAM B. BELL — President, American Cyanamid Company
F. W. CHARSKE — Chairman, Executive Committee, Union Pacific Railroad Company
J. LUTHER CLEVELAND — President
W. PALEN CONWAY — Chairman of the Executive Committee
CHARLES P. COOPER — Vice-President, American Telephone & Telegraph Company
WINTHROP M. CRANE, JR. — President, Crane & Co., Inc., Dalton, Mass.
STUART M. CROCKER — President, Columbia Gas & Electric Corporation
JOHN W. DAVIS — of Davis Polk Wardwell Sunderland & Kiendl
ARTHUR C. DORRANCE — President, Campbell Soup Company
CHARLES E. DUNLAP — President, Berwind-White Coal Mining Company
GANO DUNN — President, The J. G. White Engineering Corporation
WALTER S. FRANKLIN — Vice-President, The Pennsylvania Railroad Company
LEWIS GAWTRY
JOHN A. HARTFORD — President, The Great Atlantic & Pacific Tea Company
CORNELIUS F. KELLEY — Chairman of the Board, Anaconda Copper Mining Company
MORRIS W. KELLOGG — Chairman of the Board, The M. W. Kellogg Company
CHARLES S. MUNSON — President, Air Reduction Company, Inc.
WILLIAM C. POTTER — Retired
GEORGE E. ROOSEVELT of Roosevelt & Son
EUGENE W. STETSON — Chmn. of the Board
ROBERT T. STEVENS — Chairman of the Board, J. P. Stevens & Company, Inc.
THOMAS J. WATSON — President, International Business Machines Corporation
CHARLES E. WILSON — President, General Electric Company
ROBERT W. WOODRUFF — President, The Coca-Cola Company

Member Federal Deposit Insurance Corporation

The American Security and Trust Company, Washington, D. C., has announced the election of DANIEL W. BELL, formerly Under-Secretary of the Treasury as president, and CORCORAN THOM, former president, as chairman of the board.

DR. LEONARD P. AYRES, vice-president of The Cleveland Trust Company, has been elected president of the Economists' National Committee on Monetary Policy.

The City National Bank and Trust Company of Chicago, at its annual meeting, created a new office of senior vice-president and elected A. R. FLOREEN, ARTHUR T. LEONARD and LESTER ARMOUR to that office. HARLOW W. BROWN and ARNOLD M. JOHNSON were elevated to vice-presidencies.



Mr. Floreen



Mr. Leonard



Mr. Armour



Mr. Paterson

The Hibernia National Bank in New Orleans announced the following changes: A. B. PATERSON was elected director and chairman of the board. J. M. MARRONE from assistant vice-president was advanced to vice-president; ANDRÉ C. LAPEYRE from assistant trust officer to vice-president; MAURICE M. BAYON from assistant manager of the foreign trade department to assistant vice-president; T. J. WALLBILLICH from assistant manager of the foreign trade department to manager of that department; GEORGE J. RUHLMAN from auditor to assistant vice-president; and J. A. BANDI, JR., to assistant cashier.

GWILYM A. PRICE, who, until 1943, was president of the Peoples-Pittsburgh Trust Company, and a leader in trust activities in the American Bankers Association, has been elected president of the Westinghouse Electric Corporation.

DAVID L. COLBY, assistant vice-president of the Boatmen's National Bank, St. Louis, was recently advanced to vice-president and W. PAUL HARPER was elected assistant vice-president.

N. P. BLACK, cashier, Perry State Bank at Perry, Iowa, and president, Dallas County Savings Bank at Milburn, has been named Commissioner of Banking of Iowa to fill the vacancy caused by the death of M. W. Ellis.

The Central Hanover Bank & Trust Company, New York City, appointed GEORGE W. PROVOST, JR., as assistant vice-president.



EDWARD D. RHAME, cashier of The Peoples National Bank & Trust Company of Lynbrook, New York, for several years, assumed the presidency of the Amsterdam (New York) City National Bank on May 1. Mr. RHAME has been active in the American Institute of Banking, serving as associate councilman for Long Island. He will continue as a director of the Lynbrook bank.



BANCO DE CREDITO DEL PERU

HEAD OFFICE: LIMA

Capital S/.16,000,000.00

Reserves S/.29,864,050.76

Consult us for Prompt and Reliable Information about Peru

Through our 36 Branches situated in the most important commercial centres, and our Agents in all other towns in the Republic, we are in close touch with every phase of economic activity in Peru, and thus are well equipped to render helpful service to all American institutions interested in Peru.

Peru's Oldest National Commercial Bank

Established in 1889

SAFE DEPOSITORY LIABILITY INSURANCE

You Get

$50,000

Protection against Liability imposed by law:

1 — Mysterious Disappearance

2 — Negligence or dishonesty of employees

3 — Burglary, Robbery, Theft

4 — Fraudulent, fictitious and erroneous claims

5 — Flood, tornado or other acts of Nature

6 — Misplacement of box in wrong compartment

7 — Improper or illegal entry by means of duplicate key or forged papers

PLUS Legal defense in connection therewith

THE COST is only $75, one year—$187.50, three years

provided the total number of safe deposit boxes does not exceed 937. A small additional premium is made for banks having more than this number of boxes.

THE FIDELITY AND CASUALTY COMPANY OF NEW YORK
80 Maiden Lane, New York 8, N. Y.

Gentlemen: We desire to purchase a Safe Depository Liability Policy

In amount of $.....Term.....No. of Boxes on premises.....

Name.....

Address.....

Name of Your Insurance Agent or Broker.....

North of the Border

CANADIAN-AMERICAN trade has changed in the past few months to a more normal relationship. During the war years exports and imports were practically balanced, in contrast to the usual prewar situation when Canada had a deficit on merchandise trade with the United States which she covered by converting surpluses with other countries into American dollars.

Imports of American goods by Canada have recently overbalanced Canadian exports to the United States by a fair margin mainly because of larger purchases of raw materials in anticipation of increased industrial operations. Such imports in the early part of this year actually exceeded those of the like period of 1945. Canada's current trade deficit probably will be wiped out by invisible transactions—capital imports and heavy tourist receipts well above contra items, interest and dividend payments due American investors of at least $200 million. Gold shipments are turning upward as the mines of Ontario and Quebec rebuild their depleted working forces and more of the yellow metal is available for export.

In any event the Foreign Exchange Control Board, Ottawa, now regarded as a permanent installation in Canada's financial machinery, apparently has had a considerable accumulation of American funds at its disposal, perhaps as much as $1½ billion in liquid form. The board has progressively eased its restrictions upon the sale of American dollars for holiday and business visitors to the United States. No permit is required for amounts up to $50, while as much as $250 may freely be obtained from any commercial bank upon written application. Such limits, however, are intended only for usual travel purposes. Upon satisfactory representations $2,000 to $3,000 will be provided for prolonged journeys to the United States, though the relative payments would be spread over any long period, equal amounts monthly.

STRICTER control prevails on capital transactions. Investment of American funds in Canada is freely permitted, but withdrawal is subject to various regulations. Canadian bonds purchased in the United States may not be sold for cash in Canada. Non-resident holdings of such securities may, however, be disposed of outside Canada. Stocks may also be bought, but must be registered with the Foreign Exchange Control Board. There are no restrictions upon the sale of stocks on markets, but American funds for them will not be furnished by the board. The Canadian currency realized from the sale may be sold in the United States at, of course, the exchange value for such currency.

In the face of these restrictions on capital transactions a good deal of American money has moved, and continues to move, into Canada. In 1945 net sales of Canadian securities to American investors exceeded $200 million, this being the difference between all recorded sales of bonds and stocks, less purchases and payments in Canada of such securities held in the United States. The net amount in 1945 was about double that of the preceding year. Slightly higher interest rates than are obtainable in the United States, the discount on the Canadian dollar and the belief that the financial structure is sound, attract considerable American investment in Canadian bonds. Comparatively low costs and commodity prices, as well as prospects for active business conditions for some time to come, have induced American corporations to invest more heavily in Canadian industry.

IN all these circumstances the Canadian supply of American funds continues ample for current purposes. Indeed, these conditions seem to have much to do with the official release of travel funds in almost unlimited amounts, for the use of them probably acts as a brake on an upturn in the Canadian dollar in the United States and so holds it around the level desired by Ottawa.

Two recent announcements by the price control agency of the Dominion Government are of considerable interest. One was to the effect that a gradual lifting of price controls may be expected during the next few months. The other made public new and higher ceiling prices for various commodities, including iron and steel, lumber, butter, pork and certain pulp and paper products, other than newsprint. These announcements led to some misunderstanding as to the Government's price control policy and gave fresh impetus to labor's drive for higher wages, shorter working time and new and costly social security measures. The Minister of Finance has corrected some mistaken views on these moves. He made it plain in a statement before Parliament that relaxation of rigid price controls should not be taken as implying that the price control system is breaking down, or that there has been any change in the basic policy of the Government. On the contrary, the Government is prepared to maintain control over the movement of prices during the present transition period.

THE Canadian price control system has always permitted adjustments where proof of the necessity for these was submitted. Recent adjustments are, however, more extensive than others previously permitted and recognize that not all price ceilings established towards the end of 1941 are appropriate to present conditions. Government subsidies on various imported materials, cotton, for example, to which the Canadian price control system does not apply, are being reduced or eliminated, which will mean higher retail prices for clothing and furnishings.

The Minister of Finance has also submitted a preliminary budget for the 1946–47 fiscal year. These first estimates are for expenditures of about $2¾ billion against over $4½ billion for the fiscal year ending March 31, 1946. However, it is probable that supplementary estimates, apart from credits granted to Britain and other countries, will raise the total close to, if not over, $3 billion in the current fiscal year. No estimates have been submitted for government revenue, but this can hardly be expected to exceed $2 billion and quite a substantial part of the prospective expenditures must be covered by borrowing.

Prime Minister Mackenzie King of Canada greets Field Marshal Viscount Alexander, Canada's new Governor General



PRESS ASSOCIATION

THE NATIONAL CITY BANK
OF NEW YORK

Head Office · 55 WALL STREET · *New York*

Condensed Statement of Condition as of March 31, 1946

Including Domestic and Foreign Branches

(In Dollars Only—Cents Omitted)

ASSETS

Cash and Due from Banks and Bankers		$ 995,920,778
United States Government Obligations (Direct or Fully Guaranteed)		2,577,056,576
Obligations of Other Federal Agencies		33,463,116
State and Municipal Securities		181,278,463
Other Securities		102,673,022
Loans, Discounts, and Bankers' Acceptances		1,290,314,552
Real Estate Loans and Securities		6,019,663
Customers' Liability for Acceptances		5,917,953
Stock in Federal Reserve Bank		6,600,000
Ownership of International Banking Corporation		7,000,000
Bank Premises		29,840,407
Items in Transit with Branches		8,029,189
Other Assets		4,101,969
Total		$5,248,215,688

LIABILITIES

Deposits (Includes United States War Loan Deposit $1,001,642,473)		$4,948,852,510
Liability on Acceptances and Bills	$15,882,732	
Less: Own Acceptances in Portfolio	6,069,779	9,812,953
Reserves for:		
Unearned Discount and Other Unearned Income		2,411,424
Interest, Taxes, Other Accrued Expenses, etc.		30,821,686
Dividend		2,325,000
Capital	$77,500,000	
Surplus	142,500,000	
Undivided Profits	33,992,115	253,992,115
Total		$5,248,215,688

Figures of Foreign Branches are included as of March 25, 1946, except those of the Shanghai and Tientsin Branches which are as of March 7, 1946 and of the Tokyo and Dairen Branches which are prior to the outbreak of the War, but less reserves.

$1,220,227,485 of United States Government Obligations and $16,470,568 of other assets are deposited to secure $1,183,278,698 of Public and Trust Deposits and for other purposes required or permitted by law.

(*Member Federal Deposit Insurance Corporation*)

DIRECTORS

GORDON S. RENTSCHLER
Chairman of the Board

W. RANDOLPH BURGESS
Vice-Chairman of the Board

WM. GAGE BRADY, JR.
President

SOSTHENES BEHN
President, International Telephone and Telegraph Corporation

CURTIS E. CALDER
Chairman of the Board, Electric Bond and Share Company

GUY CARY
Shearman & Sterling & Wright

EDWARD A. DEEDS
Chairman of the Board, The National Cash Register Company

CLEVELAND E. DODGE
Vice-President, Phelps Dodge Corporation

A. P. GIANNINI
Founder-Chairman, Bank of America National Trust and Savings Association

JOSEPH P. GRACE, JR.
President, W. R. Grace & Co.

JAMES R. HOBBINS
President, Anaconda Copper Mining Company

AMORY HOUGHTON
Chairman of the Board, Corning Glass Works

GERRISH H. MILLIKEN
President, Deering, Milliken & Co. Incorporated

GERARD SWOPE
Honorary President, General Electric Company

REGINALD B. TAYLOR
Williamsville, New York

ROBERT WINTHROP
Robert Winthrop & Co.

THE HAMMERMILL COLUMN

Payroll bandits have adopted a new technique. They have given up violence and a racing getaway for a sedate and subtle approach. Instead of forcibly shooting it out with police as they relieve a messenger of the payroll, they now allow the bank to give them the money. Yes, *give!*

* * *

The plan is brand new. The perpetrators are being sought. But the scheme is so simple that there is a chance of its spreading from city to city—perhaps to your own.



The episode opens with a routine banking transaction. A man goes to a teller's window posing as an employee of one of the bank's substantial customers. He makes a deposit to that firm's account.

* * *

The deposit consists of checks, most of them drawn on out-of-town banks. As is customary, the depositor presents two slips to the teller. One is for the bank records, the other is stamped by the teller and returned to the depositor to show his office that the deposit was made.

* * *

There is nothing about the phony employee's actions to arouse the teller's suspicion. He's friendly. He may remark casually that his boss has added this banking chore to his other duties. He leaves with a cheerful smile.



The deposit has been timed so that it is made a day or so before the firm customarily draws cash for its payroll. Later that day the phony employee appears again at the same teller's window. This time he presents a payroll check—a clever forgery. Since he has made a large deposit that same day, the teller has no doubt that he is employed by the firm, and he cashes the check.

* * *

The theft is not discovered until a bona fide employee of the firm presents the real payroll check—or until the checks deposited by the forger return with the notation that no such accounts exist. This is a very smooth trick—as nearly foolproof as any that have come to light in a long time. But a very simple precaution would nullify it—just a rule that any teller must positively verify the identity of any depositor unknown to him.

For the general protection of your customer's checks, why not have them produced on Hammermill Safety? Today, with manufacturing restrictions eased, this fine check paper is better than ever. We'd like you to see its improved quality and color range. A note on your bank letterhead will bring samples. Just address Hammermill Paper Company, 1501 East Lake Road, Erie, Pennsylvania.

News Around and About

(CONTINUED FROM PAGE 56)

Under the heading, "Mistakes That Veterans Should Avoid . . ." the booklet cautions veterans "not to buy a farm until you have talked over your plans with the county agricultural agent and the county agricultural defense committee."

* * *

Country bankers should find the latest edition of "Agricultural Finance Review," published by the Bureau of Agricultural Economics of the U. S. Department of Agriculture, a useful reference volume. It contains a wealth of data on farm credit, farm insurance and farm taxation, and is generously illustrated with charts and graphs.

* * *

A new booklet entitled "Agriculture in the Santa Fe Southwest," which describes agricultural conditions in the states of Arizona, California, Colorado, Illinois, Kansas, Missouri, New Mexico, Oklahoma and Texas, has just been issued by the agricultural department of the Santa Fe Railway. The 70-page illustrated brochure is intended primarily as a means of calling attention to the opportunities in the Southwest, referred to as a fertile area with room for further development.

Copies may be obtained by writing the railroad's agricultural agents at Amarillo or Galveston, Texas, Fresno, California, or any Santa Fe traffic representative.

Farm Prices Under Pace Bill Formula

A statement sent by Secretary of Agriculture Anderson to the Senate Committee on Education and Labor regarding the effects of the Pace Bill, H.R. 754, which provides for including an allowance for farm labor in the calculation of "parity prices," includes the following estimates as to the probable increases that would result from the new formula:

	Actual Price Received by Farmers, Feb. 1946	*Present Parity Price*	*Probable Parity Price if Pace Formula Adopted*
Wheat, bu.	$ 1.55	$ 1.57	$ 2.10
Corn, bu.	1.11	1.14	1.52
Rice, bu.	1.77	1.45	1.93
Cotton, lb.	.2301	.2207	.2939
Apples, bu.	3.75	1.71	2.27
Hogs, cwt.	14.20	12.90	17.20
Beef cattle, cwt.	12.60	9.65	12.80
Lambs, cwt.	13.30	10.50	13.90
Butterfat, lb.	.508	.480	.639
Milk, wholesale cwt.	3.33	2.93	3.89
Eggs, doz.	.326	.356	.474
Tobacco:			
Flue cured, lb.	.369	.339	.472
Burley, 1. lb.	.324	.329	.457

The significance of these increases in "parity" lies in the probability that price ceilings and price support levels would be raised proportionately.



"If you're always borrowing from Peter to pay Paul, how much do you owe this Peter person?"

View of the surplus property storage depot of the Reconstruction Finance Corporation in Cleveland





Emblem of Republic National Bank of Dallas, which appears as part of the surface design of its checks.

Another leading bank using Hammermill Safety

Republic National Bank of Dallas was established in February, 1920. Since that time its resources have grown from $500,000 to more than $300,000,000!

Today it is the sixty-third largest bank in the United States—recognized as one of the most influential institutions in the Southwest. We are proud that its checks are on Hammermill Safety paper. The sample check shown below is on chainline Hammermill Safety with a reproduction of the bank and its emblem as part of the surface design.



A Look at the Radio Record

(CONTINUED FROM PAGE 43)

One hundred thirty-eight stations were favorable to five-minute units, 37 favored 15-minute programs, 11 asked for one-minute dramatized spots, and six favored 10 minutes.

Many other stations suggested various periods up to 30 minutes. Quite a few said they would welcome typewritten spot copy. It is interesting to note the great spread between the banks' use of spots and the radio stations' recommendation of the short unit.

There is by no means unanimous approval of the five-minute idea. "It leaves us dangling in the air with 10 minutes of unsold time," one station said, "Difficult for small stations to build 10-minute balance of show," another stated: "Radio programs are built in 15-minute units as a rule and a five-minute show is generally a pain in the neck," said another. However, 138 stations like the five-minute idea, and anyway with a little effort a station can build a 15-minute program around the five-minute unit. That's the whole idea.

"Repeat and Repeat and Repeat"

Station after station, right down the line, insisted that for real results banks must repeat and repeat and repeat. Radio results thrive on repetition; they languish on hit-or-miss broadcasting. There is no doubt that radio stations feel the great weakness of bank radio advertising in the past has been lack of consistency. "Five-minute programs should be used daily, and at least three times a week the year around," one station director said, "and a 15-minute unit should be used 52 or 104 times a year for real results." One operations manager said: "Repetition is the essence of local radio's effectiveness."

Asked how many programs the A.B.A. should prepare in its initial postwar series, *79 stations said at least 26, 66 stations said 52, eight said 104, five said 260, and three said 156.*

Various other units were mentioned, but the big idea, expressed over and over, was: "We don't want banks to use radio and judge it on the basis of too few programs. There should be continuous year-round advertising and *never* less than half a year."

The owner of a small station wrote: "I don't advocate singing commercials for banks, but bring your approach down to the same intellectual level and your story will go over where it will do the most good." And the thought expressed by another station: "Banks have something to sell. They should take off the kid gloves and go after business as vigorously as any other business would."

(Another angle was expressed by one radio man who said: "We feel that when banks use radio they add to the prestige of the local radio station.")

Some Station Comment

The commercial manager of a large city station told us: "I find bankers hard people to talk to about advertising. I understand retailers and their problems. I *don't* understand bankers and their problems, and no banker I have ever talked to yet has been able to tell me what he wants his advertising to do for him." "Bank advertising is terrible," opines another station director.

"Anything at all you could do to encourage banks to use some promotion will be wonderful — it will be more than that, miraculous!" is the sentiment of a third radio man. The assistant manager of one of the biggest stations said: "There are some fine banks doing a wonderful job, but in the parade of successful advertisers, I will stick my neck out and say that banks are at the end of the line — and I don't mean the front end."

But while a few radio stations were caustic, and many frankly critical, every one was genuinely interested in helping banks to do a better job.

Their advice to banks could be summed up as follows:

(1) Set your sights on your objective.
(2) Get an expertly prepared program.
(3) Stick with it over the long pull.

The 303 radio stations supplying information in our 1946 survey listed 543 banks that were using their stations currently. That is an average of 1.8 banks per station and extending the average to the approximately 900 local stations in the country accepting advertising there would be a total of about 1,600 banks on the air right now! That is one out of each 10 banks, and these figures do not include group programs which would swell the total of banks on the air to well over 2,000.

A study of the subjects being offered by banks via radio at present shows that of the 308 programs on which data were given us, 153 cover their services in general, 99 stress loans, 25 institutional, 13 savings, 13 checking, three safe deposit and two trust.

An analysis of 197 programs being run by banks revealed that news is first choice as type of program (48 per cent of the programs on which these data were given), music second (34 per cent evenly divided between classical and popular music), with sports, dramas and other features trailing well behind.

A.B.A. to Offer Radio Service

As a natural evolution of its advertising services, the A.B.A. Advertising Department is planning to offer a new radio service.

The purpose will be to help local banks in their use of radio as an advertising medium. One phase of the activity will be to gather and distribute data on bank radio advertising, and radio in general. Another will be to prepare actual programs in transcribed form for local broadcast by banks or groups of banks.

Based on all this survey information it seems quite probable that the first programs will be so-called open-end dramatizations, four and a half minutes long, built around situations involving people and their money.

There will probably be at least 52 such programs in the initial series. The dramatizations can form the core of 15-minute programs, with music or entertainment provided by the local stations.

Announcement of the first programs is expected in a month or so.

The Consumer Credit Digest

Market

(CONTINUED FROM PAGE 48)

ure 21" x 21", with a hydraulic lift for easy loading. It is reported that the dishwasher will be manufactured by the Fleetwing Division of Kaiser Cargo, subsidiary of Kaiser Company, at a rate of 10,000 a month, production to begin in April or May.

* *

Dishwasher: A design which takes the automatic dishwasher out of the luxury class. The housewife simply places her dishes, etc., in the square, top-opening unit, and presses a button. The machine then sprays the dishes, washes them, rinses them twice, cleans and drains itself automatically and then shuts off. (It doesn't clear the table and put the dishes away.) Whole process requires about 12 minutes, and dishes are cleaner, through the use of hotter water. A Westinghouse product.

* *

New Electronic Controls: Hundreds of industrial processes in the chemical, metal, food, petroleum and practically every other field will be affected by the introduction of a series of developments in industrial electronic control instruments, according to L. Morton Morley, vice-president of Brown Instrument Company, Philadelphia, industrial division of Minneapolis-Honeywell Regulator Company. The developments include new electronic instruments to eliminate lags in manufacturing and processing heretofore caused by waits for temperature changes and other physical problems. The instruments will include numerous variations tailored to a specific industry or manufacturing process.

* *

Resin Panels: Structural panels made from a new resin, reinforced with glass fabric or other materials, are being tested for automobiles, airplanes, refrigerators and washing machines. The new resin is thermosetting; once formed under heat it retains its shape when reheated, and it has a permanent high-gloss finish. Thin veneers to which BCM, only name of the product thus far, has been applied, can be bent without crazing or peeling the resin. A wide range of colors can be obtained by adding oil-soluble dyes or pigments to the resin.

Two New Departments

Bankers Trust Company and Irving Trust Company, of New York, have announced the opening of consumer credit departments. Bankers Trust will make personal loans from $60 to $3,500 and home modernization loans with repayment terms as long as 36 months. Irving, in addition to individual loans, will finance time payment sales of retailers, dealers and manufacturers.

This consumer credit clinic held by the First National Bank of Philadelphia at Altoona, Pennsylvania, was the eighth of a series in cities in its territory. The clinics feature imaginary dialogues between appliance dealers and bankers, both city and country



Trends

(CONTINUED FROM PAGE 49)

the situation materially. That factor is the almost astronomical total, compared to the levels of prewar years, of liquid assets in the hands of the public. I refer to the nearly $28 billion of currency in circulation, to the billions in E bonds and bank deposits. If consumers are so minded, a very large number of them are in a position to pay cash for their purchases of durable goods. Consider the total of individual savings over the war years, $28.6 billion in 1942, $33.3 billion in 1943, $38.9 billion in 1944, and $34.9 billion in 1945. If the ancient rule of thrift, to save before you buy, still has some vitality, the means of applying it exist in abundance.

AT THIS point, we would like to have something like a microscope that would open to view the inner workings of the minds of American consumers. Lacking that, we shall have to make a bold guess, and it is my guess that *the pattern of the prewar years will change but slightly, that consumers will continue to follow the practice of "paying-as-they-use."*

There are several reasons I can offer to support this position: (1) Consumers will keep larger cash and deposit balances than before the war; (2) a large number of consumers, returning soldiers, industrial workers, will not have large cash balances and will buy against their jobs and prospective incomes; and (3) the higher price level—automobiles at $1,100 instead of $800—will necessitate larger loans.

If this analysis is reasonably correct, lending agencies may then begin to sharpen their pencils and clear their desks to await an unprecedented volume of consumer loans.

With the nation-wide housing shortage we are not only interested in how to keep young but where to keep them.

Splitting an atom would not be too difficult for a salaried man who divides his income between the Treasury and his family.

An after dinner speaker is a person who doesn't talk in his own, but in other people's sleep.

Accent on Competence

BANK credit services to aid small businesses in bridging the change from war to peacetime production and to help reestablish the 500,000 firms which were war casualties and create the new business enterprises resulting from war-developed materials and techniques, are reviewed in the report, "Accent on Competence," by the Small Business Credit Commission of the American Bankers Association.

The report covers banking activities devoted to the welfare of small business during the past two years. These activities, carried on under leadership of the Commission, have stimulated individual banks to seek small business loans in their own communities, have enlarged the role of correspondent banking, and have resulted in 48 bank credit groups having resources of nearly $700,000,000 to supplement the credit available from individual banks and from their correspondents.

In April 1944 the Executive Council of the A.B.A. recognized that new thinking would be needed to serve small business. It created the Postwar Small Business Credit Commission, which adopted as its objective: "Bank credit shall be made available to every competent man, firm, or corporation that needs it for a constructive purpose." As a preliminary step in reaching this objective during the difficult period of war-end adjustment, the Commission surveyed existing bank credit facilities in the light of many changes the war had brought about and the many more that postwar would bring. To finance this research and the cost of supplying bankers with up-to-date information and "know-how," 4,000 banks pledged $750,000 to be used over a five-year period for research and promotion of new banking procedures designed to meet the need of small business during the postwar period.

"Three things happened in January 1946—each isolated and apparently of only local importance—but of great significance to America," the report says.

"In California . . . Nick Sanders walked into his bank and said: 'I need $2,600.' He wanted to equip a small plastics plant and start a new business. He was a competent and experienced plastics craftsman, honorably discharged from the Army. But aside from good character, plenty of ability and a sound idea, he had nothing to offer as security. *The local bank made the loan.*

"In Maryland . . . on a Friday night, a local business man called his bank and said: 'I need $60,000—fast.' The amount needed was four times the bank's legal lending limit. The banker called his city correspondent who took a train that night, examined the property and the proposition over the week-end, and agreed to cooperate in the loan. *The local bank and its correspondent made the loan on Monday.*

"In Missouri . . . a man applied at a bank for a loan of $12,000. He had good character and ability but little collateral security and he needed five years to repay. The bank felt that the risk involved was too great for it to assume in full. But the purpose of the loan was sound, so the bank presented the proposition to the St. Louis Credit Group, of which it was a member, with the thought that the member banks might grant the credit on a spread-the-risk basis. *The credit group made the loan.*"

THESE three examples illustrate the value of the cooperation which exists among the banker-members of the commission, the staff of the A.B.A., cooperating individuals and committees in the state associations, county groups, Association of Reserve City Bankers, and individual bankers everywhere. New credit principles formulated as a result of this cooperative effort and stressed by the Commission in the past 18 months have already become part of the small business lending pattern. They are:

"Competence is Collateral . . . Banks know from years of experience that John Doe—Private Citizen—is the world's best character-loan credit risk. And banks know that the competence of John Doe, President, or John Doe, Incorporated, or Doe and Roe, Partners, is first-class security for small business loans. They have been lending on that basis for years; they will continue to place their faith in the fact that here in American 'Competence is Collateral.'

"Term Loans Are Sound Bank Loans. . . . Here again banks have been 'doing it for years.' But banking's experience with term loans for business has been limited, and this specialized type of lending has been generally confined to larger banks.

"Small Business Requires Special Atten-

"IF COLOR CONTROLS YOUR RECORDS," says KING COTTON, "YOU SURELY NEED PARSONS MECHANO FORM"



Whether you use ledger papers, index cards, or both, you'll get greater accuracy if different types of records are kept on different colored forms.

In PARSONS MECHANO FORM there's a range of six *standardized* colors, the same in both ledger papers and index cards. Both have the new no-glare surface, easy on the eyes. The wide range of weights and sizes, the fine writing surface, the superior erasing quality, and the fact that these ledgers and indexes are properly made for any kind of machine posting, or for manual posting, mean that PARSONS MECHANO FORM is what *you* should specify.

It Pays to Pick PARSONS PAPERS Made With New Cotton Fibers

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tion. . . . As part of its program the Commission has been urging banks to set up special facilities for small business. This recommendation is for larger banks, because in most small and medium sized banks the whole institution itself is a special facility for small business."

Much study and attention has been devoted to strengthening and improving correspondent banking, the report says. "Here is a national network of hundreds of city banks and their thousands of country correspondents. The machinery has long been in existence and in the war performed valuable service for the country. The Commission undertook the task of adapting correspondent banking to the postwar job of financing small business. Through education and cooperation the special 'know-how' possessed by big city banks in the realm of business financing is being conveyed to smaller banks. Banks everywhere are learning more than they ever knew about the facilities and services of their city correspondents.

On the other hand small banks have been able to contribute much 'grass-root' type of information that the larger institutions did not possess. Banking has benefited by this new spirit of cooperation and, above all, small business has been better served.

"More credit machinery was found to be necessary. The credit group was created as a third source from which small business can secure the credit it needs. It is not the purpose of credit groups to solicit loans or engage in financing activities on their own. They are only called into play when credit cannot be supplied by a local bank or its correspondent. The local groups are also serving a valuable function in informing banks and the public on various aspects of small business financing."

Another major aspect of the Commission's job was to represent banking in Washington. Much of this effort was the informing of important government officials, including Congressmen, Senators, and government advisers, about what the banks are doing.

The war had opened the door to two forms of government participation in commercial lending: (a) making direct loans to small business, and (b) guaranteeing or insuring of such loans made by banks. The position of banking as to the extension of these government activities into peacetime was made clear to government officials by the declaration by the A.B.A. in September 1943, which says: "Direct commercial loans by the Government or the governmental guarantee of commercial loans are not only unnecessary for the financing of postwar commercial enterprise, but are contrary to sound financial policy and the best interests of America's economy.

"One proposal before Congress was a plan to extend the life of the Smaller War Plants Corporation, change its name to Small Business Corporation, expand its activities, increase its capital,

"... And to the Director of OPA I bequeath my three white shirts whose collars have all been turned!"



PARTIAL COVERAGE IS NOT ENOUGH!



Today's abnormally high replacement costs are in many cases 50% greater than in 1939 and call for a thorough check of every risk.

You cannot afford to allow your clients to have inadequate protection. Yours is the responsibility — in fact, even a moral duty — to make certain that your assured have ample dependable coverage.

Add the protection necessary to cover increased values. In so doing, you will not only gain your client's confidence, but increase your income.

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THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

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in Suburban Chicago — or a
SPRING HOLIDAY



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One of America's top-flight, year-round Resort Hotels, where conventions become a delightful event. . . . The Moraine fronts on Lake Michigan, is spread out over 14 acres of picturesque ravine land and has 250 rooms of graceful Georgian architecture. It inspires concentrated effort and is conducive of leisurely living and outdoor recreation.

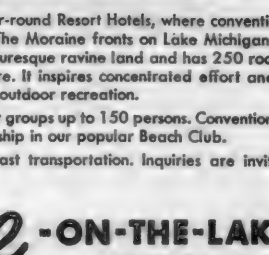
We can conveniently care for groups up to 150 persons. Conventioners are accorded guest membership in our popular Beach Club.

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can be fully met by our network of 19 offices located in every commercially important center of the country. The complete facilities of this 33-year old institution are at the disposal of banks and commercial corporations in the United States.



Gateway to South America and producer of the best coffee in the world.

Special provision is made for the handling of collections. Letters of Credit and commercial information. Your correspondence cordially invited.

BANCO COMERCIAL ANTIOQUEÑO
Established 1912
Cable address for all offices—Bancoquia

Capital paid-up: $5,500,000.—Pesos Colombian
Reserves: $5,646,000.—Pesos Colombian

General Manager: Gonzalo Restrepo Jaramillo
Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia, Barranquilla, Bogota, Bucaramanga, Cali, Cartagena, Cucuta, Girardot, Magangue, Monteria, Neiva, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

and put it into direct competition with banks. Here was the philosophy of socialized lending in full cry. A war-born government agency, created for a definite wartime purpose, was to be perpetuated and, if the sponsors of the idea had their way, made a permanent peacetime lending organization."

When congressional hearings on this bill were held, the commission represented banking by presenting constructive and logical arguments which showed that there was no need for this government agency after the war because banks could and would do the job. In December 1945, President Truman signed an order providing for the termination and liquidation of the Smaller War Plants Corporation, which illustrates in tangible fashion that banks are recognized in Washington for the constructive work they are doing in financing business.

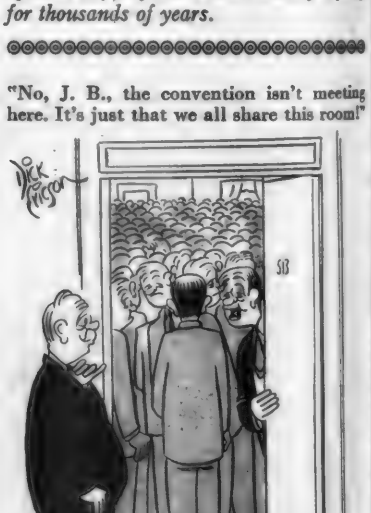
"The task of the Small Business Credit Commission is one which never ends. New people, new conditions, new legislative proposals, and other developments will continue to appear on the scene which will require action."

We not only favor two pants suits, but we wish they would provide an extra coat and vest too.

With so many persons on the Federal payroll, we presume Congress will soon have to relax the immigration laws to let in some prospective taxpayers.

Women are steadily growing more beautiful. Well, they have been steadily trying for thousands of years.

"No, J. B., the convention isn't meeting here. It's just that we all share this room!"



Value of the Check Routing Symbol

(CONTINUED FROM PAGE 73)

recent years and this increase will no doubt continue for some time. During 1945 the Federal Reserve System handled 1,351,000,000 commercial checks, exclusive of the large number of checks which were cleared through clearinghouse associations without going through any Federal Reserve bank, many of which are cleared by clearinghouse banks for out-of-town correspondents. As this figure clearly shows, the collection of checks has become big business. In no other country are checks so widely used as a medium of exchange.

IT is traditional in this country for big business to search continuously for new and more efficient methods of operation. From such improved methods the country as a whole has gained. Inefficiency should not be tolerated in any business. The methods and systems for collecting checks that were in effect 25 years ago are no longer adequate. Just as every bank prides itself on selecting and using the most modern and efficient equipment, so should the banks collectively be able to pride themselves on the efficiency of the check collection system as a whole. No progressive banker would long tolerate equipment that is 25 years old, obsolete, and the cause of frequent errors and delays. Bankers today are constantly looking for better and more efficient systems and equipment. Since the collection of checks is a major part of every bank's normal business activity, the check routing symbol, regardless of the system or equipment used, is an improved tool for the use of the whole banking community.

Anyone who has handled checks knows that they come in all forms and sizes. The information necessary to sort and list them is scattered over the face of the check, seldom in the same place on two successive items. The name of the drawee bank may be at the top or at the bottom. It may be in large print, or so small as to be barely legible. Furthermore, banks in different cities often have similar names and their checks are easily confused. To find all the necessary information and to avoid countless errors requires extra time, time that will be saved by the use of the check routing symbol which shows all this information in the same place on every check.

Another source of confusion in sorting checks is the fact that Federal Reserve districts and branch territories are seldom contiguous with state lines. For example, a check drawn on a bank located in Indiana may be collectible either through the main office of the St. Louis District or its Louisville branch, or through the main office of the Chicago District, depending on its location in the state. To sort these checks at present and to eliminate guessing requires special training and experience. With the routing symbol such checks can be sorted by number with little or no experience and with very little chance of error.

THE advantages of the plan to the larger banks with correspondent accounts are obvious. It is they who sort and route a large portion of the checks used in the country, and it is they who will benefit most directly from the full adoption of the routing symbol plan. *The benefits of the plan to the smaller country banks, while not as obvious, are no less real.* It will aid them in whatever check sorting they do, and most banks usually make two or more sorts of their out-of-town checks. It will help to speed up the collection of checks which will benefit both the bank and its customer.

Check collection is an important part of every bank's business. Most bank customers at one time or another cash or deposit out-of-town checks with their banks. Many do so on every business day.

"To save misunderstanding, Jackson, you'd better find another way of sending out your laundry"



Banks located outside of the principal financial centers usually send the out-of-town checks deposited with them to a correspondent bank or to their Federal Reserve bank for collection. They recognize, however, that this does not in itself constitute collection and they credit their depositor's account "subject to final payment." A bank thus reserves the right to charge back unpaid items. Where a deposit account will not support such a contingent charge, conservative banks defer credit until such a time as they feel certain that the check or checks will actually have been presented and paid. It is obviously important both to the bank and its customers that such checks be presented as promptly as possible. The customer will want to use the proceeds as soon as he can and the bank will want to be sure that it does not allow use of the proceeds before it can be certain that the check will not be returned.

The widespread use of the check routing symbol will aid the correspondent banks and the Federal Reserve banks by which these checks are handled and finally presented for payment, to collect them more promptly than they do now. Especially will it help in avoiding misrouting of items which causes long and unanticipated delay. Items so delayed and then returned unpaid can often prove embarrassing to the first collecting bank if it has in the meantime allowed use of the proceeds. But even leaving the safety factor aside, a bank which wants to render the best possible service to its customers will want to see their checks collected as quickly as possible. It should be clear that the use of the check routing symbol will materially assist in accomplishing this purpose.

In addition to speedier collection, the widespread use of the routing symbol should result in banks receiving better service from their Reserve banks and correspondents. Banks everywhere in recent years have become increasingly aware of the cost to them of collecting their customers' checks. Most of them have, in consequence, adopted account analysis systems and have imposed service charges in one form or another in an attempt to pass on some or all of this cost to the customer in an equitable manner. The costs of collecting checks do not cease when the checks are for-

warded in a cash letter to the city correspondent or the Federal Reserve bank. They have just begun.

These additional costs are borne, in the first instance, by the correspondent bank or Reserve bank. These banks, however, are compensated for the expense of this service out of the earnings which they derive from the balances which the country banks are required, either by law or agreement, to maintain with them. With commercial bank correspondents these balances often bear a direct relationship to the volume of checks collected and the cost of collecting them, although check collection is seldom the only service rendered by the correspondent bank. Country banks are naturally interested in getting the maximum amount of service from either the Reserve banks or their commercial bank correspondents in return for the balances which they are required to maintain. This is true even today when the prevalence of low interest rates makes the maintenance of sizable balances less onerous than it would be if interest rates were to firm and banks were to experience a good demand for local loans.

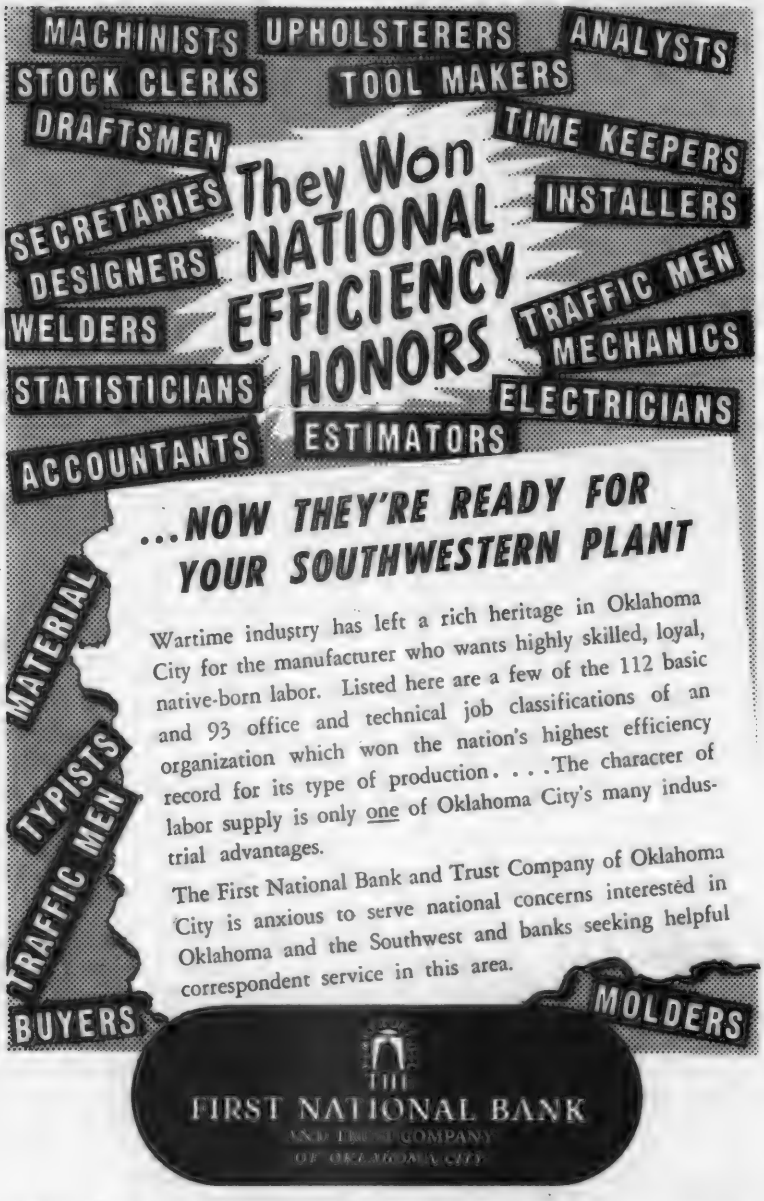
Country banks therefore have a direct interest in the operating efficiency of their correspondent banks, whether they are Reserve banks or large commercial banks.

It is logical to expect that the higher that efficiency, the greater will be the amount of service the country bank may expect to receive in exchange for the balances it maintains. Thus the small bank, which sends all its checks to its correspondent bank in one unsorted letter, will benefit in the long run from the increase in efficiency which the check routing symbol plan will bring to the check collection system as a whole.

As banks generally come to realize the benefits which will accrue to them and their customers, it is to be expected that they will support this program even more enthusiastically than in the past. Smaller banks which have recognized these advantages are already among the plan's most active supporters. But there is still a great deal to be done. In order for the plan to be a complete success on a national scale, every bank must do its part, not only in having its routing symbol placed on its own checks in the approved location but in selling the plan actively to customers who have their own checks privately printed.

No one expects, even with the most wholehearted cooperation, that the routing symbol will suddenly appear overnight on all checks. Many banks have large stocks of old-style checks on hand and it is not expected that these should be scrapped. However, in many instances, *it is possible to have the routing symbol over-printed on existing stocks of checks and, in some cases, banks are rubber-stamping the symbol on their supplies of checks on hand.* Some checks, particularly specially printed customers' checks, must be redesigned to accommodate the routing symbol in the proper location. Banks can discuss this with their customers and when checks are being reordered can assist in redesigning them. At the same time bankers are frequently able to suggest other changes in the form or size of the check which will cause it to conform more nearly to the approved standard sizes and forms recommended by the American Bankers Association, thus helping to eliminate some of the so-called "headache" or "nuisance" checks.

The sponsors of the check routing symbol plan, and the many banks and business concerns which are so warmly supporting it, feel strongly that it is one of the most constructive steps forward in recent banking history. It is easy to resist change but far more important to encourage progress. As a thoroughly progressive measure, the check routing symbol plan merits the active support of all bankers.



Oklahoma's Largest—One of the First 100 in the Nation

Total Resources in Excess of $200,000,000.00



Here are brief summaries of the questions considered this month. Citations are available on request.

(1) *Bank Liability—Check with Restrictive Endorsement Cashed*

Bank liable for cashing check to a corporation, endorsed by rubber stamp payable to bank, even though bank had no notice that officer requesting cash intended to appropriate the money, since such endorsement did not authorize payment of cash, but only deposit and collection.

(2) *Income Tax Lien—Bureau of Internal Revenue Interpretation*

Bank may safely honor checks on deposit accounts subject to income tax lien, in absence of actual notice, but on information should notify collector and withhold checks reducing account below amount of lien for a reasonable time. If no levy made within reasonable time may honor all checks.

(3) *Reorganization—Merger—National with State Bank*

Where a state statute permits a national bank to merge with a state bank under the latter's charter, but National Bank Act contains no such authorization or confirmation thereof, no decisions as yet affirm or deny validity of such merger.

(4) *Inquisitorial Powers—OPA*

Subpoena *duces tecum* served by OPA on bank to produce records of depositors' accounts must be complied with, even though issued without apparent probable cause.

(5) *Checks as Gifts*

Gift by check completed on collection of check, but gift by check not presented before death of donor held void.

(1) *Fiduciaries—Personal Use of Fiduciary Check—Non-application of Uniform Fiduciaries Act*

Q. Where check has restrictive endorsement, does provision of Uniform Fiduciaries Act requiring actual notice of intent of fiduciary to misappropriate proceeds in order to hold bank liable, protect bank cashing such check?

A. No. The bank would have no authority to cash such a check in any circumstances, and the provision requiring actual notice would not apply.

A surety company brought suit against a bank for the amount of checks cashed for a defaulter. The Circuit Court of Huntington County, Indiana, decided for the bank, but was reversed on appeal and the bank held liable.

Blocker, the auditor, later comptroller of the Local Finance Corporation of ——, rubber-stamped the company's endorsement of 28 checks reading: "Pay to the order of ——— National Bank of ———, Ind. Local Finance Corp." He took these checks to the bank, cashed them and pocketed the proceeds. It was stipulated that he had no authority to cash the checks. In any event, the endorsement was held to give the bank only the right to credit the company's account and collect the proceeds.

The bank defended on the ground that Blocker was a fiduciary, and the bank was not required to suspect him in the absence of actual notice of his intent to misappropriate funds. The appellate court held that since Blocker had no authority to cash checks, and the endorsement did not authorize the cashing of checks, the provision of the Uniform Fiduciaries Act requiring actual notice had no application.

(2) *Income Tax Lien—Liability of Bank Having Notice of Lien on Depositor's Account*

Q. Where a notice of lien has been filed by the Federal taxing authorities with the proper state officer or the clerk of the district court, covering bank deposits of the taxpayer, but no levy is made and the bank has no actual information, is the bank under any duty to withhold payment of checks on the account involved?

A. The bank is considered, under a recently published ruling, to have no such responsibility.

The Commissioner's ruling (in the form of a letter published April 4, 1946, in Prentice-Hall *Federal Tax Service*, 1946, at paragraph 76141, although the letter was dated January 2, 1941) states that a bank will not incur any liability where it acts in the ordinary course of business, without knowledge of the tax lien or facts putting it on notice thereof. By "notice" the Commissioner says he means actual notice, not constructive notice resulting from filing with a public officer.

Where the bank has been actually informed of a tax lien, it should protect itself by notifying the collector of the facts and withholding any payments of checks that would reduce the account of the depositor below the amount of the lien, for a reasonable time.

The letter further states:

"If within a reasonable time after such notification the collector fails to levy upon the account, it is believed that the bank may honor such checks without danger of resulting liability to the Government."

It is to be remembered, however, that this letter merely states a policy of the Bureau of Internal Revenue, and may not be binding upon the Government, if that policy should be changed. The letter merely announces the present attitude of the Bureau, as of its date and presumably as of the present time, in the absence of any announced change. Whether the opinion of the Bureau is a correct interpretation of the law remains to be decided.

(3) *Reorganization—Merger—National Bank and State*

Bank Continuing in Business Under State Bank's Charter

Q. A national bank and a state bank desire to merge under the state bank's charter. Is there any technical bar which would prevent the consummation of the proposed transaction?

A. In the absence of a state statute specifically authorizing such a merger, the lack of any provision of Federal law permitting a national bank to merge or consolidate with a state bank under the latter's charter is regarded as a prohibition against such transaction.

Where a state specifically authorizes conversion of a national bank to a state bank, or authorizes merger of a national bank with a state bank under the latter's charter, without change or interruption of corporate entity or identity, it would seem that a merger might be effected without authorization by the Federal Government. No decision, however, precisely in point, has been found to support this view. Such state statutes are few and recent, and have apparently received no judicial interpretation.

Such statutes, however, follow in substance the National Bank Act. The portion of this act providing for continuing corporate entity was added in 1933.

It would seem that, within its own domain, the authority of a state is on a parity with the authority of the Federal Government. Hence, since the Federal Government can validly provide for conversion of a state bank into a national bank, and consolidation of a state bank with a national bank, a state would seem to have equal power to provide for conversion of a national bank into a state bank and for merger of a national bank with a state bank under the latter's charter. When such statutes provide, as do those of New York and Texas, that corporate entities shall not be interrupted by such transactions, it follows that the state law should be considered to control, irrespective of Federal authorization.

For purposes of reorganization in which gain or loss is not recognized, and for purposes of taxable year, the definition of a merger in the state statute should control the meaning of the term "statutory merger." (Sec. 112, I.R.C.) This does not intimate that there cannot be a statutory merger without uninterrupted continuation of the corporate entities; but that feature in a statute removes some of the doubt that might otherwise exist. Capital gain should not be considered realized where there is no transfer and no interruption of corporate existence and entity.

State statutes of the type indicated would have an effect on a parity with the corresponding section of the National Bank Act. This conclusion is arrived at solely for the reason stated, in the absence of any decisions construing such state statutory provisions, for tax or other purposes.

(4) *OPA Inquisitorial Powers*

Q. Can the Office of Price Administration compel a national bank to produce records of depositors by subpoena?

A. The Office of Price Administration claims this power, and its claim has been sustained. OPA at Green Bay, Wisconsin, in 1945, served a subpoena on H. J. Rose, cashier of the Shawano National Bank, of Shawano, Wisconsin, directing him to appear at its office with all bank records of receipts, deposits and withdrawals appertaining to the accounts of four named individuals. Mr. Rose appeared but refused to testify or divulge any information on advice of national bank examiners. OPA then applied to the United States District Court for an order to show cause.

The District Court granted the motion and ordered the bank to produce the documents and testify in compliance with the subpoena. The Circuit Court of Appeals affirmed the District Court. The court held that the section of the National Bank Act enjoining secrecy as to deposit accounts contained three exceptions, all of which applied here: (1) Where the giving of information was "authorized by law" or (2) directed by a court of justice, or (3) "directed by Congress."

Edward R. Stettinius, U. S. delegate to the UN Security Council, and Russia's delegate, A. A. Gromyko, leaving a Radio City building, New York, after a closed session



PRESS ASSOCIATION

The bank has applied to the Supreme Court for a writ of certiorari, contending that the order of the District Court violates the constitutional prohibition against unreasonable searches and seizures, in that it was made in the absence of a showing of probable cause. The Supreme Court, on February 25, 1946, denied the application for a writ of certiorari.

(5) *Gifts—Checks—Validity—Alteration*

Q. What are the legal consequences of making a gift by check?

A. The gift is not completed until the check is paid by the bank on which it is drawn. The death of the donor before presentment voids the gift.

In a recent case, the donor, then confined by her last illness, gave two checks to an associate. One check he deposited in his account, and his bank collected it from the drawee bank. The other he mailed to his bank for deposit on the day the donor died. Both checks were challenged. The first was held valid, the second held void.

Through a confusion of the drawer's name with that of another depositor, the first check was deposited in another branch of the bank from that on which it was drawn. It was duly paid by the drawee. It was not, however, charged to the account of the drawer until after her death, because it had been charged, through the bank's mistake, to the wrong account in another branch. The check having been paid by the drawee, which owed it—there was only one debtor bank, although it had several branches—the bookkeeping error did not prevent completion of the gift by payment. The second check, which was not presented until after the drawer's death, was never paid at all, and it was held that the payee had no claim against the estate of the drawer.

The change effected by the payee of the first check by striking out the printed name of the branch of the bank on which it was drawn, and inserting in its place the name of the branch where the bank had erroneously credited the drawer's deposit to an account of a different person with a similar name, did not constitute a material alteration and did not invalidate the check. There was only one drawee, and the change of the name of the branch did not affect its identity or liability. The change effectuated the intention of the drawer that the check be paid.

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business
March 31, 1946

RESOURCES

Cash and Due from Banks		$ 366,135,931.04
U. S. Government Securities		1,417,231,943.04
U. S. Government Insured F. H. A. Mortgages		4,117,598.72
State and Municipal Bonds		29,229,124.12
Stock of Federal Reserve Bank		2,475,000.00
Other Securities		22,137,946.81
Loans, Bills Purchased and Bankers' Acceptances		527,435,424.21
Mortgages		7,743,719.52
Banking Houses		11,381,530.67
Other Real Estate Equities		324,003.73
Customers' Liability for Acceptances		6,840,417.05
Accrued Interest and Other Resources		6,380,908.53
		$2,401,433,547.44

LIABILITIES

Capital	$41,250,000.00	
Surplus	41,250,000.00	
Undivided Profits	31,893,451.33	$ 114,393,451.33
Reserve for Contingencies		9,623,899.91
Reserves for Taxes, Unearned Discount, Interest, etc.		7,935,840.10
Dividend Payable April 1, 1946		1,237,498.20
Outstanding Acceptances		7,946,118.50
Liability as Endorser on Acceptances and Foreign Bills		673,517.90
Deposits		2,259,623,221.50
		$2,401,433,547.44

United States Government securities carried at $456,840,260.93 are lodged to secure U. S. Government War Loan Deposits of $427,751,906.02 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Principal Office: 55 Broad Street, New York City

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European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

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Chairman, The Sperry & Hutchinson Co.

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Vice-Chairman of the Board

ALBERT N. WILLIAMS
Chairman, Western Union Telegraph Company

The Future of Bank Women

(CONTINUED FROM PAGE 47)

supervisory positions, the answer is no." Another replied: "Not fully. As to salaries, they would not earn as much as men in the work." And another: "We treat all employees as individuals, giving recognition only where it is due and salary increases only where they are earned."

The majority opinion was affirmative in answer to: "*Do you think women will be able to hold their gains?*" Factors mentioned as entering into women's retaining their wartime gains include: "Economic conditions"; "how many servicemen return to their old jobs"; "proportion of women who leave banks to marry or to resume homemaking duties"; "how well they prepare themselves for advancement"; and "whether they are willing to assume the responsibility that goes with higher paying jobs."

Comments illustrating various viewpoints on this question include:

"The consensus in this case was that women established in positions prior to the war would retain any gains which they made. However, the wartime help was not sufficiently interested to do an outstanding job. In other words, the gains made depended entirely on the attitude of the women toward their jobs."

"No. While they are not being discharged, many are quitting to marry or rejoin their husbands and their places are being given to men."

"Certainly, in this bank. There are many phases of banking for which women are especially suited, more so in many cases than men."

"No. It is not socially or economically right that they should."

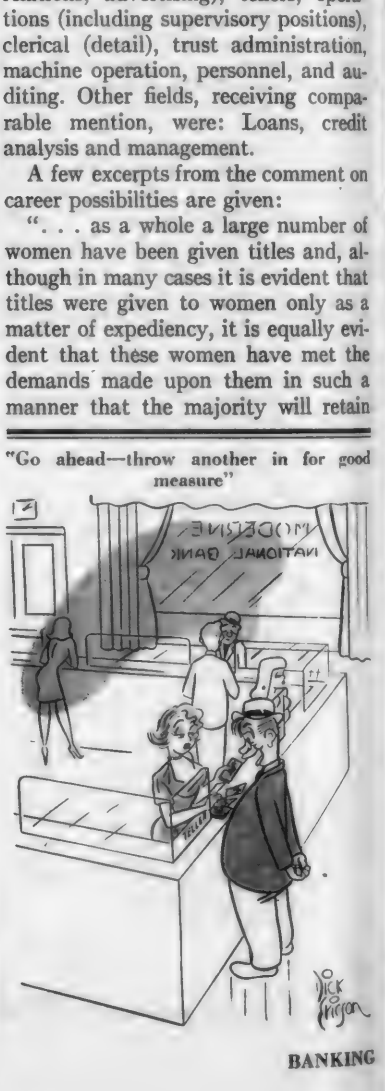
"Will largely depend upon the enforcement of the GI Bill of Rights."

WHILE opinion was unanimous that women's fitness for particular jobs depends entirely upon the individual, *the fields of banking most frequently mentioned as offering the best career possibilities for women include*, in the order named: Stenographic and secretarial, customer contact (new business, public relations, advertising), tellers, operations (including supervisory positions), clerical (detail), trust administration, machine operation, personnel, and auditing. Other fields, receiving comparable mention, were: Loans, credit analysis and management.

A few excerpts from the comment on career possibilities are given:

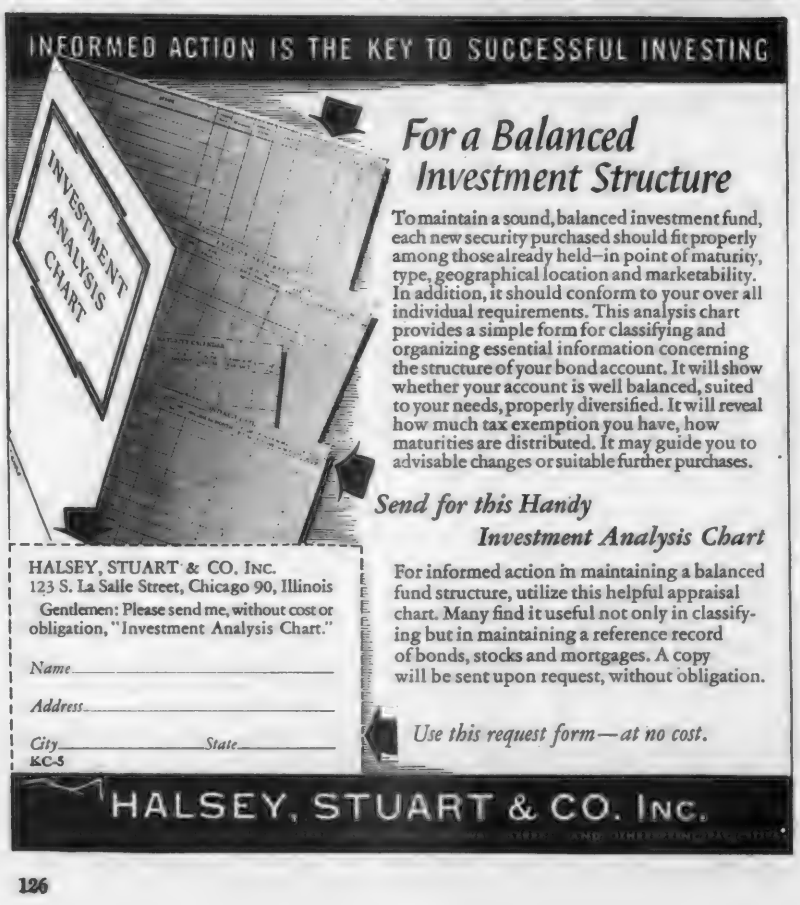
". . . as a whole a large number of women have been given titles and, although in many cases it is evident that titles were given to women only as a matter of expediency, it is equally evident that these women have met the demands made upon them in such a manner that the majority will retain

"Go ahead—throw another in for good measure"









their titles after the men in the armed forces return to their banks."

"The young girls can do excellent work in the machine departments. Their nerves are steady, they apply themselves mechanically, and work speedily. Older women, with educational background and a desire to make banking a career, can find a place in any department, according to their liking."

"One institution asserted that it believed that any bank large enough for several loan officers should have at least one woman personal loan officer."

"Experience in the past has shown us that girls can be good tellers, they make wonderful receptionists and invariably do a much better job than a man in a number of the positions requiring public contact."

It is obvious, of course, that some of the quotations used are from the personnel managers themselves, while others are comments by our reporters, based upon an analysis of the responses of several personnel managers whom they had interviewed.

THE MOST hotly contested question was based upon the oft-repeated remark by bank officers to the effect that women are not more frequently advanced to supervisory and managerial positions because they fail to prepare for them. The question was: "*The record discloses that a disproportionate number of the American Institute of Banking prestandard, standard and graduate certificates are awarded to men. Is it your opinion that women's failure to prepare for the job ahead by completing the work leading to these Institute certificates is an important factor in impeding their advancement to positions of responsibility?*"

While there was a predominant chorus of "yeses" to this question, several personnel managers said that while A.I.B. training was noted, it was not the governing factor in making promotions. In this connection, the general consensus was that an equally important consideration in retarding women's advancement was the fact that the majority do not look upon banking as a career, but merely as a stop-gap to marriage. A moral that was frequently pointed out was that *a wise woman, although looking forward to marriage, would also prepare herself for a career so that she would be ready for either eventuality.*

One bank officer expressed this view: "It not infrequently happens that a woman with bright marriage prospects, because of a combination of circumstances, fails to attain her goal of marriage and continues as a career girl, often times becoming embittered in later years because of her failure to make any appreciable advancement. The answer is usually due to one of two things: (1) She has allowed her disposition to stand in her way, or (2) she failed to prepare herself for a better job than the one she has."

Other helpful thoughts regarding A.I.B. training follow:

"The personnel officers all said that while A.I.B. preparation was *noted*, they had not been governed by it in their selections of personnel for promotion, but all thought such preparation will be more generally made by employees and greater encouragement to do so given by employers in the future. Personally, I am convinced that had women in the past been encouraged to continue their classes, or had they felt it was expected or desired of them, there would have been a much better percentage of graduates. . . ."

"The answers were split—the women feeling that they would not get the breaks whether they studied or not so long as men are available for the good positions, but the men felt that that is the reason why women do not hold more good positions."

"One personnel officer commented



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Equitable Fire & Marine Ins. Co.
Providence 3, R. I.

Atlantic Fire Insurance Company
Raleigh, North Carolina

The Central States Fire Ins. Co.
Wichita 2, Kansas

Great Eastern Fire Insurance Co.
White Plains, N. Y.

Minneapolis F. & M. Ins. Co.
Minneapolis 2, Minn.

Reliance Insurance Company of Canada
Montreal 1, Canada

that if women are expected to hold their present positions, they will have to adopt a longer career horizon, and prepare themselves by a long-range educational program."

"Yes, failure to absorb the A.I.B. curriculum is a hindrance. On the other hand, employers cannot promise definite advancement to any employee who attains an A.I.B. certificate, inasmuch as personal qualifications must be a correlative factor. Experience has shown that the A.I.B. graduate has been able to advance further than the non-graduate, everything else being near equal."

"No. The percentage of women who remain in any profession is so much smaller than men that the proportionate numbers cannot be gauged with much accuracy. Compared with the number of men in the banking profession who never achieve their ambitions, I don't think the ratio is at all out of line. If a woman definitely gives up all hope of marriage for a business career her chances of success are just as great, in most fields, as the man's."

Another bank stated that it felt that a fairer comparison between men and women A.I.B. graduates would be on the basis of scholastic standing.

AN EXAMINATION of the charts on page 47 will disclose some interesting comparative figures (1) on the increase in the number of women in banks; (2) American Institute of Banking membership and class enrolment; and (3) comparison of A.I.B. standard certificates awarded to men and women.

Against an estimated increase of 2,700 per cent in the number of women employed in banks in 1946 over the number employed in 1917, we find an actual increase of 57,420 per cent in the number of standard certificates awarded to women between 1917 and 1945.

Aside from the fact that the proportion of women working in banks has always been considerably lower than the number of men until World War II, when the division became more nearly 50–50, and the high employment mortality rate of women because of marriage, some other factors not mentioned in the foregoing quotations have played an important part in depressing women's standard certificate total. Examples: (A) Full membership in the American Institute of Banking was not accorded women until 1918, although a few chapters previously permitted them to take Institute courses. This, of course, gave the men a running start over the women. (B) In 1929 it is estimated that there were about 65,000 women in banks, but that by 1933, at the peak of the banking difficulties, the number of women bank employees had shrunk to 30,000. This would indicate that inevitably many women who were working toward certificates were permanently eliminated from banking.

REFERENCE to the membership and enrolment chart on page 47 will disclose that the number of women A.I.B. members equalled the number of men in 1945. This was the first time in Institute history that this had happened. Also during the war the number of women enrolled in Institute classes not only caught up with the number of men enrollees, but actually surpassed the men by a two to one ratio. The number of women class enrollees before the war had always been considerably under the number of men.

These facts add up to these inescapable conclusions: (1) That women, through their wartime contribution to banking, have assured their continued advancement in banking; (2) that if the women maintain anything like their present class enrolments, within another quarter century they will more than double the number of standard certificates credited to them; and (3) that the number of women bank officers may double or triple the present figure of about 4,000 within the next 25 years.

Stop Payment Order Statutes

THE following is a table of statutes adopted by 31 states with reference to time limit on stop payment orders:

State	*Original Stop-Payment Limit*
Alabama	six months
Arkansas	90 days
California	(no time limit —order must be in writing)
Connecticut *	six months
Florida	six months
Georgia	90 days
Idaho	90 days
Iowa *	60 days
Kentucky	six months
Louisiana	90 days
Maine	90 days
Maryland	six months
Michigan	six months
Mississippi	six months
Missouri	90 days
Montana	90 days
Nebraska *	six months
Nevada *	six months
New Jersey	90 days
New Mexico	six months
North Carolina	six months
Oregon	90 days
Pennsylvania	one year
Texas	60 days
Utah	six months
Vermont	six months
Virginia	one year
Washington	six months
West Virginia *	six months
Wisconsin	six months
Wyoming	90 days

* For all the above states, renewals are the same as the originals, with the exception of the following: Connecticut —90 days; Iowa—30 days; Nebraska —two months; Nevada—90 days; and West Virginia—90 days.

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Personal Representation in All Banking Areas



(CONTINUED FROM PAGE 41)

Only a relatively small fraction of the dollar loans represents loans which may now or later be refinanced by the sale of the foreign governments' securities to American institutional or other investors. The chief securities in this category will be those of the World Bank, but also it is the declared purpose of the Export-Import Bank wherever possible to redistribute part of its portfolio to American commercial banks and other private investors.

Just how this will be done has not at this writing been definitely worked out. Obviously, insofar as banks and others are interested in taking over securities from the Export-Import Bank's portfolio, they will be interested in the sounder ones, but the Export-Import Bank will always retain in its portfolio enough of its best securities to assure that its operation record is profitable. Not everyone will agree that a government lending agency such as this one should operate only for a profit, for that is the function of private enterprise. That Congress supports the Export-Import Bank at all is due to the belief that there are financial risks which private capital will not incur, and the implication of this is that there will be losses.

As mentioned, government officials concerned with foreign lending express the hope that private capital will soon again take the leading role in the financing of foreign dollar needs. For one thing, by next year the World Bank will be an active bidder for the American investor's dollar. The Export-Import Bank, which in April explored with certain New York bankers methods of selling the Dutch Government paper resulting from the $200 million two-year unsecured credit which the bank opened for the Netherlands in March, believes that additional dollar needs of that country may be supplied directly by private American lenders. The bank's officials state that the $200 million credit was opened only after the Dutch had found themselves unable to come to terms with American banks. The stumbling block was the banks' desire for a secured loan, such as the gold-secured one which the Dutch last year arranged with a group of 16 American banks. But this time the Dutch refused to give security. Wash-

(CONTINUED ON PAGE 130)

Export-Import Bank Participations

(CONTINUED FROM PAGE 41)

"Out of the meeting in New York have come a number of helpful suggestions and I now propose to go to Chicago and explore further the problems involved. A meeting similar to that held in New York has been arranged by the Federal Reserve Bank of Chicago. One of the major considerations is the fixing of a minimum participation sufficiently large to permit the bank to carry out the operation upon an economical basis. Because of the legal limit placed on the amount of participation by any one bank the majority of the banks of the country are excluded from participating unless the entire transaction is to be carried out on a basis that is not economical.

"Following my return from Chicago final discussions will be had as to the amounts of participations. Participation agreements will then be entered into between individual banks and Export-Import Bank, it being understood, however, that such agreements will be on a revocable basis so far as the commercial banks are concerned.

"As a result of the meeting in New York it is understood that certain provisions not contemplated by the original draft will be included in the credit agreement between Export-Import Bank of Washington and the Kingdom of the Netherlands. Among those provisions is one that all advances will be shared on a pro rata basis by all the participants, including the Export-Import Bank, to the end that each participant will hold obligations of the Netherlands of like maturities, It was agreed also that the obligations will include a provision that in case of default the holders of all obligations shall have the option to accelerate the maturities thereof. Also the credit agreement will provide that any existing short-term loan from private American banks will be paid off prior to any advance under the credit."

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ington expects that the $200 million credit will "break the ice" of Wall Street so far as the Dutch are concerned. If this pattern is followed, similar unsecured credits may be negotiated by the Export-Import Bank with Norway, Denmark and France. The totals envisaged are large. The Dutch alone, it is said, estimate their needs of dollars and other foreign exchange at $2½ billion.

Of the $20 billion total of government loans, etc., the part set aside for the Bretton Woods program is unique in that the resources of the Fund and Bank will be dispensed by international bodies. These twin institutions are now in organization and are preparing to commence credit operations later this year. The executive directors elected at Savannah in March or appointed by the "Big Five" meet in Washington the second week of May and thereafter will remain in continuous operation. The Fund and Bank executive directors meet separately.

In both Fund and Bank all member countries comprise the board of governors. The voting power of the member countries varies according to the economic and political importance of each. The 12 executive directors of the Fund, and the same number of the Bank, cast the votes of the countries which appointed or elected them. The system is the same in the Fund and the Bank. The "quota" of a member in the Fund and its "subscription" in the Bank determine the member's voting power; but whereas the Fund "quota" is the measure of the member's right to draw on the Fund, the Bank "subscription" is rather the measure of the member's potential liability to make good losses of the Bank. Membership in the Fund is essential to membership in the Bank, but not vice versa. One of the considerations for admittance of a country to the Fund is the agreement to consult the Fund before making changes in the parity of such country's currency unit. The Fund being thus a cooperative institution, it was logical to give all members a voice in its management.

The Bank is unique in that the countries which are to borrow from it sit on its board of governors and its directorate. Since the Bank will make, participate in or guarantee loans of dollars almost exclusively, it is an unprecedented investment venture. Defaults on the Bank's loans are to be made good by the whole membership, according to the Bank agreement, and this is the reason for giving all members a voice in its control.

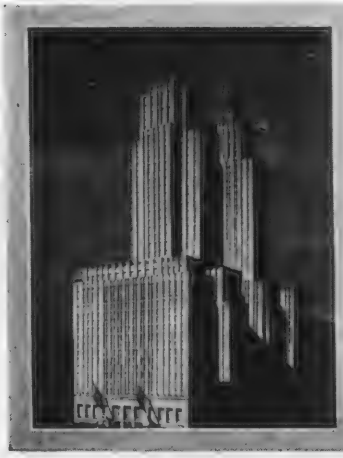
Beyond the fact that each country's voice in the Fund or Bank is determined by its quota or subscription, the BW and Savannah conferences demonstrate the great effectiveness of bloc action. The Latin American members at Savannah were conspicuous for their solidarity among themselves and their group support of the United States' position where differences with the British existed. At this stage of the Fund and Bank the voice of the United States is decisive for various reasons, not all inherent in the BW agreements. For one thing, the United States, making the largest contribution to the resources of the two institutions, has more votes than any other country. Also, most members of the Fund and Bank are actual and potential borrowers not only from those two bodies, but also from the United States Government directly, and are therefore not in a position always to voice contrary opinions. Meetings of the Fund's and Bank's governors and directors are apt to produce more interesting discussions a few years from now when the chickens come home to roost than in the present incubator stage.

The convening executive directors of Fund and Bank face immediately problems of perfecting their organizations. There is the obvious matter of house hunting, both personal and institutional, in still crowded Washington. Probably the Fund and Bank will soon share a single building. To find a ready-made one commensurate with their needs is not easy.

The Fund directors must select a managing director and the Bank directors a president. Rules and regulations must be adopted to permit staffing of the two organizations, and a scale of salaries for employees laid down. Other matters requiring early attention are

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the requests of the United States and the United Kingdom for interpretation of certain powers; Paraguay's request for a Fund quota of $5 million instead of the present $2 million; and the Economic and Social Council's request for liaison arrangements with the Fund and Bank.

Later the Fund executive directors must address themselves to the pattern of exchange rates, including the problem of multiple rates existing in some member countries; while the Bank will face the line of eager borrowers.

The National Advisory Council on International Monetary and Financial Problems in a public report has described the foreign loan program as "directed toward the creation of an international economic environment permitting a large volume of trade among all nations" and as "predicated on the view that a productive and peaceful world must be free from warring economic blocs. . . ." According to the NAC, the World Bank will be "the principal agency to make foreign loans for reconstruction and development which private capital cannot furnish on reasonable terms."

ALTHOUGH the United States subscription to the Bank is $3,175,000,000, the NAC pointed out that the Bank with its then membership would be authorized to lend approximately $7½ billion, mostly raised in the United States. But since the World Bank will not be in operation for some months yet, the NAC report stated the policy of reliance on the Export-Import Bank for the "immediate, minimum" foreign reconstruction and development needs of foreign countries. These needs NAC estimated will in June 1947 total $3¼ billion, or $1¼ billion more than the available resources of the Export-Import Bank at the time of the NAC's report.

At Bretton Woods the Latin Americans insisted that the World Bank devote its resources to reconstruction and development "50–50." Doubtless this is a consideration with the Export-Import Bank as well, when it decides what is an "immediate" development loan need.

The NAC report considered the frequently voiced doubt that this country will ever tolerate a negative balance of trade sufficiently "unfavorable" to enable the debtor countries to pay off the loans now being made. To the writer its discussion of this point seems wishful but unconvincing. It says: "As long as new American investment exceeds interest and amortization on outstanding foreign investment, the question of net repayment on our total foreign investment will not arise." This is an obvious truism. NAC further observes that it is "impossible to prophesy when receipts on foregoing investment will exceed new investment," adding (hopefully?) that a peaceful world may induce a revival of American private foreign investment on a large and prolonged scale and so postpone the day of reckoning. Such a revival, the NAC stated, would be "a natural and wholesome development for a wealthy community."

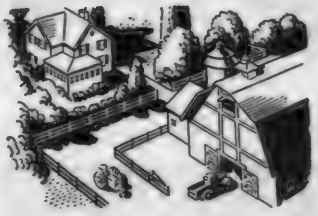


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Your Reading

Veterans Law

AMERICAN LAW OF VETERANS. By *Robert T. Kimbrough* and *Judson B. Glen*. Lawyers Cooperative Publishing Company, Rochester, New York. 1,277 pages. 1946. $10.

THIS book presents in the convenient encyclopedic style all Federal laws and regulations relating to the rights, benefits and preferences of veterans of World War II and their dependents, with the judicial and departmental decisions bearing on the subject.

The text is divided into 954 sections grouped in 19 main divisions. The basic classification is according to the character of the right or benefit, and each question is treated in considerable detail, yet in clear and non-technical language wherever possible.

The mass of raw material is condensed and arranged. Ready access is afforded by the minute and carefully prepared word index, supplemented by the complete topical outline.

This work breaks down the laws, translates them into understandable language, and distributes the provisions according to a logical classification. In addition, the text of the pertinent Federal statutes and Veterans' regulations is printed in an appendix, with a parallel table showing the section of the book where each provision is cited.

Detailed instructions are given in connection with each type of benefit as to the manner and place of filing claims; and forms are included for this purpose. A division of the appendix gives addresses and a list of offices and agencies of interest in connection with veterans' benefits. State laws relating to veterans are summarized in the appendix.

There is a pocket for supplementation, and the publisher's plans call for the issuance of supplements as often as necessary to keep the work up to date. The first pocket supplement will be ready before June 1, 1946.

Transition Policies

JOBS AND MARKETS. Committee for Economic Development Research Staff. McGraw-Hill. 137 pages. $1.60.

THE CED researchers present a program of fiscal, monetary and price control policies to expedite civilian production and employment, prevent inflation and depression in the return to free markets, and remove the need for price control at the earliest possible moment. Recommendations include a streamlined, liberalized price control authority extended for a year only, except on rents; a balanced budget at present tax rates in 1946–47, with a budget surplus if possible; a rise in reserve requirements and authorization to count government securities held by banks as reserves; a change in fiscal policy to permit government bonds to fall slightly under par.

"The Federal Reserve," says a summary of the program, "should not prevent government bonds from falling slightly below par if a tendency develops for the public to sell bonds in order to buy stocks, real estate, other investments or consumption goods. Under present policy, to prevent a drop in bond prices the Federal Reserve would buy bonds, thus increasing the public's holdings of cash (bank deposits) and banks' holdings of reserves. Thus the money supply would be increased just when a decrease would be needed to protect against inflation. This unwanted monetary expansion could be reduced by a decline of bond prices below par, which would slightly increase yields and confront potential bond-sellers with a minor capital loss if they sold."

The committee says its program rests upon the belief that both inflation and deflation are real dangers, and that public policy must be prepared to deal with either. "Policy must be developed in advance and flexible instruments must be at hand for prompt action."

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PACIFIC GAS AND ELECTRIC COMPANY

SAN FRANCISCO, CALIFORNIA

Review of 1945 Annual Report

The Year 1945 marked for this Company, as for American industry in general, the successful completion of one important task and the beginning of another. During the war, all demands for essential electric and gas service in its field of operations were met promptly and fully. Now that peace has come again, the Company is devoting its efforts and resources to promoting and providing for the continued development of Northern and Central California.

Following the end of hostilities there was some recession in our industrial load, but sales to domestic and commercial customers continued to increase. The decline in revenues from war industries was more than offset by increases in other classes of service carrying higher average rates, and total revenues each month exceeded those of the corresponding months of 1944.

Sales of electricity for the year totaled 7½ billion kilowatt-hours, within 1% of the 1944 record. Gas sales reached a new peak of approximately 136 billion cubic feet, more than 8% above the preceding year. There were uninterrupted monthly gains in the number of customers served.

In 1946 the Company will benefit substantially from lower Federal taxes on income, and from reduced interest charges due to recent bond refunding operations. These annual savings, while partially offset by higher operating costs, are sufficient to enable the resumption of rate reductions, temporarily halted by the war. Throughout our history, such reductions have been made whenever possible. Accordingly, rates for gas and electric service, already among the lowest in the country, were further reduced early in 1946.

The downward trend of the Company's rates is in sharp contrast with increasing living costs. Under our new rates a typical residential customer in San Francisco will pay 16.8% less for 100 kilowatt-hours of electricity and 38.4% less for 40.6 therms of natural gas than the average prices for these consumptions in the period 1935-1939. Meanwhile, adjustments in wages to employees have kept pace with increased living costs.

Few corporations in the country enjoy a wider distribution of stock ownership. At the close of the year stockholders numbered 133,642, a gain of 12,567 within the year. Approximately 82,000, or almost two-thirds of the total, reside in California. About 114,000, or 85.6% of all stockholders, own lots of from one to one hundred shares each, indicating wide distribution among small investors.

CUSTOMERS RECEIVING SERVICE

Electric customers	1,072,324
Gas customers	783,989
Water customers	13,817
Steam customers	743
Total	1,870,873

DISTRIBUTION OF STOCK OWNERSHIP

Women	57,672
Men	39,931
Joint Tenants	26,294
Trust Estates	6,228
Corporations, Partnerships, etc.	2,412
Religious Institutions	344
Insurance Companies	243
Educational Institutions	234
Banks, Investment Companies, etc.	196
Charitable Institutions	88
Total	133,642

SUMMARY OF CONSOLIDATED EARNINGS STATEMENT

	Year Ended December 31 1945	1944
Gross Operating Revenues	$160,269,447	$151,773,236
Maintenance and Operating Expenses (except Federal taxes on income) and Provisions for Depreciation and Other Reserves	93,260,086	87,441,842
Provision for Federal Taxes on Income	*33,847,495	*30,149,179
Total Operating Revenue Deductions	127,107,581	117,591,021
Net Operating Revenues	33,161,866	34,182,215
Miscellaneous Income	319,083	318,056
Gross Income	33,480,949	34,500,271
Bond and Other Interest, Discount and Other Income Deductions	11,528,935	12,462,932
Net Income to Surplus	21,952,014	22,037,339
Dividends on Preferred Stock	8,427,353	8,409,851
Balance	13,524,661	13,627,488
Dividends on Common Stock	12,523,898	12,523,898
Balance	$ 1,000,763	$ 1,103,590
Earnings Per Share of Common Stock	$2.16	$2.18
Dividends Paid Per Share Common Stock	$2.00	$2.00

*Stated on the basis of current operations, without giving effect to non-recurring tax reductions such as those resulting from bond refunding operations.

Looking Ahead . . .

California, long one of the fastest growing states in the nation, now ranks third in population. The war served to accelerate an already significant westward movement of population and industry. It is apparent that the industrial, agricultural and commercial development of this area will continue greatly above pre-war levels.

We are of the opinion that under normal conditions stability can best be achieved by striving for expanding markets and increased production, with unit selling prices at the lowest levels consistent with the maintenance of satisfactory service, fair wages, financial soundness and a reasonable return to investors. To this end, we look forward with confidence to the continued progress of our business, with increasing opportunities for rendering a high standard of service at low cost to the public.

PRESIDENT

COPIES OF THE COMPANY'S 1945 ANNUAL REPORT MAY BE SECURED ON APPLICATION TO E. J. BECKETT, TREASURER, 245 MARKET STREET, SAN FRANCISCO 6, CALIFORNIA

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Answers to questions about
CHESAPEAKE & OHIO
Highlights from the 1945 Report to our 82,794 stockholders

Q. What did C & O do in the final year of war?

A. With the end of the German and Japanese wars, a tremendous assignment was successfully completed by the C & O. Although our peak war job was actually done *before* 1945, still the tonnage of coal hauled was a near record. And merchandise freight, much of it war material, was close to the record years of 1943 and 1944.

Q. What were earnings in 1945?

A. Operating revenues were 203 million dollars, 6% less than in 1944. In October and December, 1945, C & O charged to operating expenses about 40 million dollars, which was the unamortized balance of the approximately 64 million dollars for which Certificates of Necessity had been issued by governmental authorities covering amortizable cost of rolling stock, equipment, and improvements purchased or constructed from 1941 to 1945. Reflecting this accelerated write-off of capital investment, net income for the year was 16 million dollars, or $2.14 a share. No charges for depreciation or amortization on these charged-off facilities will be made to operating expenses in future years.

Q. What were C & O's war earnings?

A. For the four war years, C & O earned an average of $3.50 a share compared to $4 a share averaged during the four preceding years. When the heavy war traffic began C & O was already utilizing a high proportion of its carrying capacity. When high taxes were imposed, C & O was one of the first roads to be subject to excess profits taxes and one of the few which found it more advantageous to compute its excess profits tax on an earnings base rather than on an invested capital base. Consequently, while the war period was one of record traffic volume, gross earnings, and tax payments for the C & O, it was not a period of high net income as it was for railroads generally.

Q. How is C & O simplifying its corporate structure and reducing its debt?

A. Last year C & O reduced its outstanding debt by $9,387,000. The reduction in the last eight years has been $32,934,000. Its subsidiaries, Nickel Plate and Pere Marquette, refinanced all of their mortgage debt in 1945 at lower interest rates. Nickel Plate interest charges have been cut to $3,820,000 from $7,500,000 in 1936. Pere Marquette has scaled its interest charges to $1,840,000 from $3,270,000 in 1936.

Q. What are prospects for 1946?

A. In 1946, coal movement should continue at a high rate. Construction and enlargement of plants along the line should mean a permanent increase in the output of industries served by C & O. Although passenger traffic will decline now that troop movements through Newport News have ended, freight traffic volume should continue well above any pre-war year. Still, everything the road must buy costs more than before the war. Two wage increases aggregating 28% have been absorbed and a third is being demanded. Freight rates are the same as they were before the war while taxes, even with the excess profits tax removed, remain far above pre-war levels. We believe rate-making authorities will recognize these increased costs.

Q. How is C & O modernizing to meet competition?

A. In 1945, C & O ordered equipment from the Edward G. Budd Manufacturing Company for the finest streamlined trains ever built. These trains will run between Washington and Cincinnati. Revolutionary new features—developed exclusively by C & O's personnel and consulting experts—will include a moving picture theatre, news ticker, distinguished art and industrial exhibits, telephone for passenger use while train is in motion, special facilities for the care and entertainment of children, curved aisles and other unusual decorative amenities, and a dining system that will eliminate waiting for meals.

Among other forward-looking steps, the C & O with the Nickel Plate sponsored through coast-to-coast sleeping car service. A long-term program of rebuilding and modernizing certain passenger stations is well under way. The management of Chesapeake and Ohio welcomes change and regards as one of its prime obligations the constant readjustment of the railroad to meet the changing needs of its territory and customers' markets. We look forward to 1946 and the years ahead as a period of difficulty and challenge, but also of opportunity.

SOURCES AND DISPOSITION OF INCOME

	1945	*1944*	*Increase or Decrease*
Where our income came from			
Revenues from hauling coal and coke freight	$109,099,741	$118,095,390	$ 8,995,649–D
Revenues from hauling other freight	63,636,420	66,781,322	3,144,902–D
Revenues from carrying passengers	22,891,428	23,506,847	615,419–D
Other transportation revenues	7,704,558	8,152,689	448,131–D
Rent from equipment used by others, less amounts paid to others	7,859,784	6,117,586	1,742,198–I
Dividends from stocks owned	958,665	989,141	30,476–D
Other income from non-railroad operations	853,485	978,224	124,739–D
Total	$213,004,081	$224,621,199	$11,617,118–D
Where our income went			
Wages	$ 81,382,963	$ 80,618,715	$ 764,248–I
Materials, supplies, and fuel	29,762,512	27,668,892	2,093,620–I
Railway tax accruals, other than federal income and excess profits taxes	11,656,482	12,316,760	660,278–D
Payments to contractors, associations, other companies, and individuals for services and expenses	10,220,633	5,830,716	4,389,917–I
Rentals and expenses paid for facilities used jointly with others, less amounts received from others	4,802,409	4,552,104	250,305–I
Interest on Funded Debt	7,003,784	7,053,857	50,073–D
Other interest	15,473	4,910	10,563–I
Depreciation, amortization, and retirements	60,633,377	20,396,060	40,237,317–I
Total	$205,477,633	$158,442,014	$47,035,619–I
Net Income before federal income and excess profits taxes	$ 7,526,448	$ 66,179,185	$58,652,737–D
Federal income and excess profits taxes	*8,853,399CR*	38,838,190	47,691,589–D
Net Income	$ 16,379,847	$ 27,340,995	$10,961,148–D
What we did with net income and surplus			
Appropriations for Sinking and Other Reserve Funds	$ 488,144	$ 501,715	$ 13,571–D
Dividends paid on Common Stock	26,239,869	26,800,739	560,870–D

CHESAPEAKE & OHIO RAILWAY, Terminal Tower, Cleveland 1, Ohio

HOW'S BUSINESS?

(CONTINUED FROM PAGE 34)

In fact, price and wage controls have a tendency to bring about automatically the lowest common denominator in output and quality. Instead of competing to see how much can be given for a certain price or wage, competition develops to see how little can be given. An endless inflationary chain is set up which looks something like this: Controls cause shortages which necessitate controls which cause shortages, ad infinitum.

Planning works just the opposite to what is intended because instead of creating a well ordered and smoothly running economic machinery, it is the most erratic and least predictable of systems.

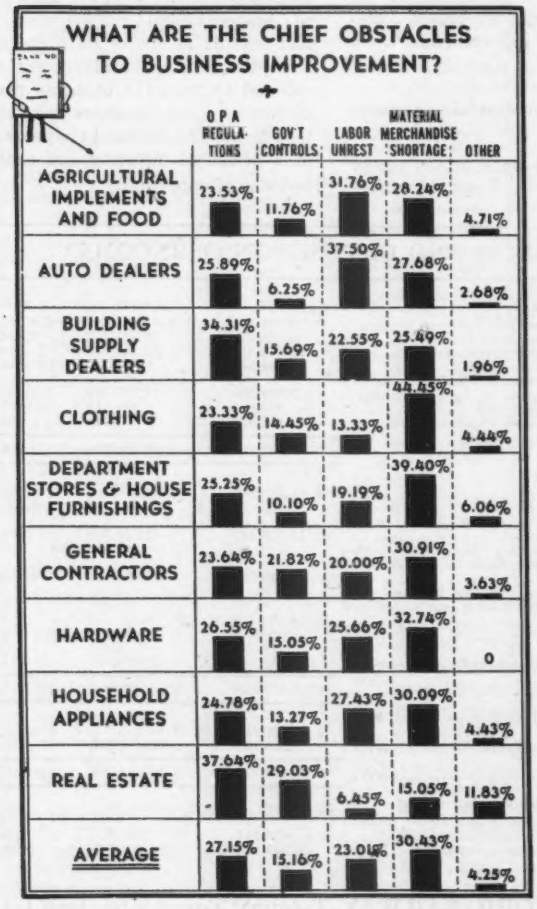
As long as there are individuals with power to make decisions and change prices, quotas and priorities, promulgate freeze orders, decide wages, conditions, export rules, and otherwise disturb the economic life of the country, there will be rumors of this and that action about to take place. The affected industries will immediately be inclined to mark time until the matter clears up.

Business needs, above all, enough certainty to plan ahead and this is impossible under a system that is neither managed nor free but a mixture of the two.

Business went all through this thing again and again in the Thirties when it became the style to have an occasional breathing spell so that business could stop worrying about being abused and just make things.

Economic planners are always surprised at the adverse results of their own wrong decisions. Like normal human beings they blame not themselves but the refusal of people and events to follow a theoretical pattern.

One point that does not show up in the employment statistics, but is an economic factor of some importance, is a widespread disinclination to work. Restrictions on individual output and the various ways that exist today for living without too much effort, have become part of the thinking of a whole generation.



Second Half of 1946

In addition to the fact that people are in a buying mood, there are several other less tangible but highly important entries on the right side.

(1) A great many of the anticipated postwar strikes are now behind us, at least for the time being.

(2) Spring is often the season when optimism thrives best. And this Spring particularly.

(3) Although we still have wars and rumors of war, we are getting farther and farther away from the abnormal psychology engendered by destruction.

(4) There is an increasingly hopeful prospect of peaceful international cooperation. The U.N. is weak—weaker by far than the League was when it was several months old. But today the alternative is an unimaginable disaster because of new instruments of destruction, whereas the alternative to the failure of the League was simply another war along the traditional lines.

Of course the full benefit of this threat is lost because many millions of persons are living under conditions where they know very little about the atom bomb or anything else, except what their leaders want them to know. Those in control of these uninformed millions could use the atom bomb over night, if they had it, whereas the governments of the rest of the world must still discuss such actions and issues publicly. The inescapable truths of this one-sided picture are almost too disturbing. Yet if we look at it frankly there is some chance of finding a solution and this is what seems to be happening.

(5) Finally, there is plenty of evidence that large industries, while they have long been over a barrel and will still be, with regard to taxes, costs and prices, do not appear particularly worried about the selling job ahead of them. They know there will be sales resistance because the public has formed a habit of "making the old one do" but the prospect is, with demand at the peak, selling costs will be less than before the war.

This is a period, too, when there is a great chance for small, one-man businesses serving the public. Give a man a ladder and a paint brush these days and he will be better remunerated than ever before.

Let the Government make the rules of competition, then get out of the way.

WILLIAM R. KUHNS